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17 September 1984

WEST EUROPE REPORT

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NEW GENERATION, PEKKA VENNAMO DOMINATE AT RURAL PARTY CONGRESS

Younger Vennamo Stamps Congress

Helsinki HELSINGIN SANOMAT in Finnish 5 Aug 84 p 6

[Article by Kyosti Karvonen: "Vennamo Explains Fulfillment of Promises"]

[Text] Turku—Fifteen months after joining the government the Finnish Rural Party (SMP) leadership still has a strong need to explain to its rank and file why the party joined the government and why it is hard to quickly fulfill election promises.

Second Finance Minister and party chairman Pekka Vennamo, who opened the 26th SMP Congress in Turku on Saturday, devoted a big chunk of his review of the political situation to a clarification of the party's government career.

Vennamo also gave his listeners to understand that the SMP has no desire to jump off the government sled nor to convert a government image that is profitable to it to a new belief.

Vennamo aimed his warning at both the Social Democrats and the Center Party (KEPU). Vennamo viewed the government reshuffling the SDP [Social Democratic Party] is planning for the period following the municipal elections as an election tactic we should not fall for. He did not consider it possible for the Communists to participate in the government during the next few years unless major changes occur in the SKP's [Finnish Communist Party] internal situation.

Vennamo warned the KEPU against following siren songs in the direction of the Conservative Party and in advance refused to enter into a budget deal like last year's with the latter. Finance Minister Ahti Pekkala has stressed the government's need for opposition aid in getting the budget approved.

Vennamo admitted that many SMP adherents expect the government to quickly implement the demands for the reforms that were stymied during their years in the opposition. Nevertheless: "The difficulties, the many disappointments that have come our way and our government partners lukewarm attitude toward the adoption of new ideas and things have not led us to consider withdrawing from the government, nor is there any reason to do so now either."

Vennamo felt that there was reason to concretely demonstrate to the party ranks what the SMP has achieved during its time in the government. According to Vennamo, its achievements include, for example, the fact that the percentage of the GNP pensioners obtain has been higher than ever this year.

Not a Party to Help the Big Parties

Vennamo also chalked up the substantial reduction in unemployment, the efficiently operating Rinte employment model and the fact that interest on savings accounts has become real interest to the government's achievements. According to Vennamo, the fact that foreign trade has taken a turn in the direction of a sizable surplus is also an achievement of the government.

Vennamo admitted that "the SMP cannot, at least in all respects, take credit for this. There are, however, many things (government achievements) that would not have been realized without the SMP's participation in the government."

Vennamo once again rejected the claim that the SMP is a party that is in the government to help the big parties. He also watered down the KEPU, RKP [Swedish People's Party] and SMP's nine-point list of objectives, which was announced in January, by reminding his listeners that in many matters it has been easier to find a common approach with the Social Democrats than with the parties of the Center. Nevertheless, one should not draw the conclusion "that the SMP is trying to deliberately rock the government as a sort of pointer on the scale and exploit its position for its own benefit."

Vennamo was careful not to slam the door shut on indispensable budget demands, instead listing those issues along the lines of which the SMP wants to assume positions in the budget.

According to Vennamo, the SMP advocates inclusion of compensation for veterans, child subsidy increases and tax relief for families with children in the budget. He demanded that the party subsidy and concealed subsidies be done away with — the freezing of the party subsidy alluded to will be the only SMP achievement in terms of this year's budget.

Father Spoke on Foreign Policy

Deviating from his usual approach, Vennamo did not say a single word about foreign policy which, however, honorary chairman Veikko Vannamo dealt with at great length at the Saturday evening celebration.

Vennamo Sr felt that the importance of Finland's military strategy had decreased and he was of the opinion that Finland was no longer important in terms of Soviet defense. "Finland is no longer important to the Soviet Union from the standpoint of the Baltic. The focal point has shifted to the southern areas of the Baltic," he said. He felt that our Eastern neighbor's ability to rely on Sweden's neutrality is indispensable from the standpoint of Soviet security.

Discussing domestic policy, Vennamo called the Conservative Party's way of conducting opposition policy "cowlike."

Election of Officials Without Surprises

The election of officials at the party congress went off without any surprises. Pekka Vennamo will continue to be chairman for 6 years and vice chairmen Helvi Koskinen and Kalle Palosaari also unanimously received 6-year extensions.

Giving rise to the most interest, the party secretary election marched to the tune set in advance by the party leadership: SMP organization chief Aaro Niiranen was chosen for the job without any grumbling as successor to Labor Minister Urpo Leppanen.

The organizing committee for the congress voted on the party secretary candidates. In that vote Niiranen received 29, party information chief Kari Raisanen 5 and Member of Parliament Mikko Vainio one vote. There were two abstentions in the election.

The choice of Niiranen was received with satisfaction in the congress hall. Ville Kuusisaari of Lapua, however, announced that he neither supported nor opposed Niiranen. A little before that Kuusisaari had set the SMP the goal of rising to become the biggest party in the country.

Aune Merinen of Helsinki, who announced that he supported a second term of Leppanen, received no support. "Why change officeholders when you've got a good man?" Merinen argued.

The SMP party congress ends Sunday.

Pekka Vennamo's Right-Hand Man

Helsinki HELSINGIN SANOMAT in Finnish 5 Aug 84 p 6

[Text] Turku (HS)—In many other parties, aside from being the organization machine oiler, the party secretary also wields a considerable amount of political power. In the SMP the custom is a bit different.

The new party secretary, Aaro M. Niiranen, 44, acknowledges that he is chairman Pekka Vennamo's right-hand mitt. To the question as to why he was chosen to be Vennamo's teammate, Niiranen replied that, when you buy a pair of gloves, the idea is to get gloves that fit the user's hands.

Whereas, for example, the Social Democrats' Erkki Liikanen and the KEPU's Seppo Kaariainen advance the party effort independently, in the SMP the party secretary's main job is to take care of the organization machine. There is room for only one pacesetter in the SMP, which is known to be the most leader-dominated party.

With his noisy presence party secretary Urpo Leppanen, who has resigned, had risen to the top echelon of the SMP alongside the Vennamos, perhaps even dangerously high. Furthermore, older party members are probably being swallowed up in Leppanen's tumultuous private life.

A year ago Niiranen very nearly rose to become party secretary, but, fearing a vote, Leppanen was persuaded to stay on for a year.

SMP Compromises on Deadline

Helsinki HELSINGIN SANOMAT in Finnish 6 Aug 84 p 11

[Text] Turku (HS)—The SMP is little by little watering down its famous promise to eliminate unemployment in 6 months.

The 26th SMP Congress, which came to a close in Turku on Sunday, approved an immediate objective program in which they literally have the following to say about the elimination of unemployment: "The SMP sticks to its belief that unemployment can still be eliminated in a short time if the political determination can be found." The new version has been repeated in other announcements as well.

When it was in the opposition, the SMP used to beat the drum for its position that the party could eliminate unemployment in 3 months. Later the deadline was extended to 6 months and now they talk indefinitely of "a short time."

In its general policy statement the SMP speaks of "burned out forces" that oppose national reforms. According to the statement, the most conservative forces are found in the Conservative Party and among the Communists.

According to the SMP analysis, the most conservative government forces are found in the RKP and in part in the KEPU, while those who cling to outmoded ideas of the past are found in the ranks of the Social Democrats.

They Heap Praise on Ministers

In connection with the handling of statements and activity reports, party members lauded government policy and praised two ministers from the ground to the skies. To be sure, Matti Liukkonen, who praised the purity of the other parties' language, criticized the choice of words in the general policy statement. He criticized the ministers for not having enthusiastically enough promoted the suitability of a tax reduction on the wages of household help.

In discussing government policy we noted how the new language is also pervading the SMP. Labor Minister Urpo Leppanen, who presented an account of the work of the party ministers, achieved the following performance: "Our party has now held responsibility in the government for 15 months. This period has meant a real turning point in switching from a special interest group period of for-you-for-me politics to decision-making dominated by overall interests for the gradual building of an information society on the basis of a gentle course respective of human values."

In the program of objectives they demand swift implementation of a 2,100-markka basic pension and a ceiling on large pensions and social benefits. They demand that cheaters be weeded out of unemployment card files.

In its official statement on the new rise of the rural sector, the SMP went into reform of the two-price system for milk, against which the party stubbornly campaigned during the spring session of Parliament. In the statement on energy and environmental affairs they demand a national referendum on the use of nuclear power.

Language Controversy Shone Through

The stir created last winter by honorary chairman Veikko Vannamo's attack on Swedish-language Finns was also raised at the party congress.

Karl Augustson, the chairman of the SMP Swedish-language Finnish organization, announced that the position the government had assumed in January, in which Vennamo was criticized for his articles on Swedish-language Finns in SUOMEN UUTISET, was endorsed at the Swedish Faction meeting.

In the opinion of SMP Swedish-language Finns, Vennamo misjudged the situation in, for example, criticizing the Swedish-language Finns for hogging high-level posts.

By way of compensation, Augustson announced that at the party congress the Swedish-language Finns had confirmed the fact that "there is a good understanding of Swedish-language Finnish problems among the party leaders."

Before the party congress Swedish-language Finns engaged in a hot debate over whether they should more pointedly bring up Vennamo's attack in Turku. They decided to refrain from doing so, which is why one Swedish-language Finnish representative absented himself from the congress.

On the final day of the party congress they chose a new party delegation in which there have been no changes at all. In the morning a prayer session and a party congress march were organized in the town square in Turku, in which well over a 1,000 people participated, according to the organizer's estimate. According to the party's and my own estimate, from 2,000 to 3,000 people attended the party congress, several hundred of whom were official congress delegates.

Generation Has Changed

Helsinki HELSINGIN SANOMAT in Finnish 6 Aug 84 p 11

[Article by Kyosti Karvonen]

[Text] Turku (HS)—The 26th SMP Congress clearly demonstrated that honorary chairman Veikko Vennamo's quarter-century grip on the party has loosened at last and shifted to his son, Pekka Vennamo.

Although Vennamo Sr had withdrawn from the chairman's seat as early as 1979, he was the party's real strategist and he led the party alongside Vennamo, and beyond him too. The decisive change occurred a year ago in Kuopio and in Turku there were no longer any doubts about the matter.

The transfer of the scepter from father to son was tellingly apparent in the choice of the new party secretary. Only last year Vennamo Sr promoted his own protege, Pentti Kettunen, for the post, but he -- as we say in Finnish -- took a licking from those attending the party congress.

In Turku Vennamo Sr did not publicly take a stand with so much as a single word on the party secretary issue and otherwise as well followed Vennamo Jr's congress commandeering from the sidelines.

However, in Turku Vennamo Sr assumed the role of elder statesman by delivering a noteworthy speech at the evening celebration, one whose smooth presentation has seldom been heard in the SMP.

But, although his grip on the party has shifted from Veikko to Pekka, Vennamo Sr's prestige among the party rank and file is still absolute. Nearly every speaker at the congress, for example, began by saluting Veikko Vennamo first and only after that the other party leaders.

Then too, a change of generations is taking place in the SMP, along with a change of leaders. The party's traditional support base is declining at a rapid rate and a new and also more urban generation -- more of the new supporters than before are mobile voters -- is replacing it.

This new, mobile body of supporters has at least not yet raised its head at party congresses, which are attended by the most energetic traditional SMP members. Which is why the course of action has not changed one iota in years at party congresses.

It has not been the custom at SMP party congresses to engage in the political debate that to some extent appears at other party congresses. This custom is completely lacking in the SMP and is replaced by the rank and file's unrestrained praise for their leaders.

SMP members claim that they engage in debate when they draft official statements and platforms so that there is no longer any need to make idle speeches at party congresses. With this style, however, the SMP automatically offers the general public a less favorable picture because of the fact that its leaders make the rank and file dance to the tune they want them to.

As long as the same approach continues, we can only foresee difficulties for the SMP in its attempts to hang onto mobile voters, for whom bombastic proclamations and pithy slogans are not enough, as they have been for traditional SMP followers.

The power of attraction of SMP slogans will next be gauged in the October municipal elections, in which the party will, at least according to the Gallup polls, substantially improve its positions. In the long run the SMP's fine-sounding directives will hardly stabilize its support base, which has shifted about a great deal throughout the entire history of the party.

CP CHAIRMAN AALTO: CONGRESS DECISIONS BEGIN NEW CHAPTER

Helsinki KANSAN UUTISET in Finnish 6 Aug 84 p 14

[Article: "Chairman Arvo Aalto: Change in the Party Must Be Made Irreversible"]

[Text] "The SKP [Finnish Communist Party] congress has meant an important change in the internal life of our movement. This change must be made irreversible and forward directed."

This is what SKP chairman Arvo Aalto said on Saturday when he spoke at the Satakunta People's Democratic provincial celebration in Harjavalta.

Aalto asserted that the 20th SKP Congress barred the way to a return to the course followed these past few years.

"We cannot afford the luxury of part of our movement's remaining in opposition to our own movement and thus undermining the bases of our credibility," Aalto said.

According to Arvo Aalto, those who want to put an end to completely unproductive, dangerous and contrary to common sense skirmishes will in the immediate future have to bear the responsibility for the SKP and the whole People's Democratic movement.

Aalto nevertheless warned people against believing that resolving the SKP's internal situation would take place without any problems. Those who have withdrawn from the party leadership of their own free will would like to make the whole movement feel badly because of their agony. The restoration of credibility to the SKP is not in the interests of its opponents and competitors. The TIEDONANTAJA movement is calling for a continuation of internal skirmishing. On the general staffs of big capital too they are hoping for this. In Aalto's opinion, the skirmishing course proposed by the TIEDONANTAJA movement must be unconditionally rejected. "TIEDONANTAJA may continue the battle against the windmills in the form of a monologue if it wants to," Aalto said.

According to Aalto, the SKP leadership is indeed ready to enter into relevant discussions and constructive cooperation. The interests of the SKP are not, however, furthered by demanding a special congress to deal with those matters

on which the 20th congress made decisions, in many essential respects unanimously so. Convoking such a congress would be tantamount to underrating members.

According to Aalto, the TIEDONANTAJA movement has so far not demonstrated any real readiness to build unity. Its own separate actions are of most importance to it.

Municipal Elections Will Be of General Political Importance

Arvo Aalto maintained that the fall municipal elections will undeniably be of general political importance. From the standpoint of the nation it will be beneficial if the public voices a leftist protest against the present political tendency.

"The fact too that making the job of national reform difficult is their key approach in the work on next year's national budget does not redound to the credit of the leaders of the SDP [Social Democratic Party] and the parties of the Center," Aalto said.

Aalto claimed that the government's budget proposal is built on a foundation of bourgeois policy. Through the Finance Ministry the budget proposal reflects the important goals of the Industrial Confederation, STK [Finnish Employers Association] and the big commercial banks.

"The government is again trying to restrict Parliament's power to a merely formal one and to keep citizens from exercising their influence. But Parliament and the people have the power to prevent the realization of government hopes," Aalto said.

In Aalto's opinion, it would be a crime against the creators of the nation's wealth if the 90 billion markkas in new assets created in this decade were not used to eliminate unemployment, shorten the number of working hours, improve the situations of children and old people and improve health care and school conditions.

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CSO: 3617/208

TROTSKYITE SPLINTER GROUP RIVALS PCF PARIS MEETING

Paris LIBERATION in French 8 Jun 84 p 7

[Article by E. D.]

[Text] "We are known to the people we care about," Marc Gauquelin told some 3,000 persons Wednesday evening at the Ile-de-France meeting of the list "For a Workers Party," supported by the PCI (Internationalist Communist Party). This Trotskyite group succeeded in nearly filling the Zenith Big Top at Porte de Pantin through a good militant effort and with the aid of some 30 buses. The PCI can boast of having gathered together nearly as many people as the PCF for its meeting in the Parisian region!

This success will probably not translate into election results on the same scale, inasmuch as this is the first time the Lambertist¹ Trotskyites will go into a national election. Voters of the far left will undoubtedly be more attracted by the LO [Workers Struggle] list headed by Arlette Laguiller, having long experience in the hunt for votes. But the PCI is not seeking the anointing of universal suffrage. Its avowed objective is to use the European elections to "build a real workers party." PCI members have already reportedly organized "over 15,000 supporters in the sections for a workers party." This new party, whose ambition is to rally from 20,000 to 30,000 members on the far left, will not be proclaimed, however, until such a following is guaranteed.

The PCI has one thing in common with the PCF in that it is fighting to gain the respect of the mandate given by the voters to the left in 1981. "If the person who received the mandate may have forgotten it, the one who gave it is still there," Gauquelin said. And yet, the PCI does not refer to the "commitments" of candidate Mitterrand, for whom he urged people to vote in 1981 from the very first ballot, but to the "expectations of the workers" whom he thinks have been betrayed. The groupings, very attached to the prerogatives of the Parliament, never cease asking Socialist Party and PCF deputies "to govern in the direction of the workers' interests." Daniel Gluckstein, member of the Central Committee of the PCI, has emphasized that its list was "the only one that denounces the survival of the Gaullist institutions as being contradictory with democracy."

The bitterness of the candidates on the list "For a Workers Party" is profound. "Gradually, they (the government) are in the process of taking everything away

from us," exclaimed Sylvie Martens, "employed in Social Security for 22 years" and a candidate. She is astonished that they can "find billions to replace men with machines," but that there is "never any money for the workers." Yves Bourdin, also a candidate and a metallurgical worker, appealed for a "general strike" in his branch to oppose the layoffs which, according to the PCI, should be banned outright by law.

Another war-horse of the PCI: the fight against the Savary law, whose effect, according to Gauquelin, is "destruction of the system of public education." Gaby Guichet, candidate on the list expelled from the Socialist Party for extreme secular positions with pronounced Lambertist nuances, then took the speaker's platform to accuse "the majority and the Elysee Cabinet" of having worked to "multiply the little lists that all help to exclude us!"

¹ [Lambertist wing of the Trotskyites (International Communist Organization, OCI). One of the divisions of the French Trotskyite Movement which regards the other wing, the Unified Secretariat (SU), as opportunistic with regard to the Third World and considers that Trotsky's Transition Program, including its economic section, needs no modification. "La Grande Larousse"]

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CSO: 3519/426

GARAUD CALL FOR REFERENDUM, FEDERAL STATE

Paris LIBERATION in French 11 Jun 84 pp 8-9

[Interview with Marie-France Garaud, former adviser to Georges Pompidou, by Fabien Roland-Levy; date and place not given]

[Text] According to the former "ultra-Jacobin" grey eminence, the state is no longer capable of playing its role as an arbiter with the constitutional instrument it has. Both judge and participant at all levels of the operation of democracy in which the citizens have no more role, it has become impotent, according to Mrs Garaud. "The nation needs air," she says. This asphyxia was first manifested in May 1968 and then in May 1981. The crisis will not be resolved, she explains, by a new alternance in government, which the opposition will not fail to demand if the majority's failure is too clear on 17 June. Refuting in advance any "political" solution (change in government, legislative elections, and so on), she recommends a "political shock" in the form of a Gaullist-type referendum in which a profound change in constitutional structures taking the form of a federal state would be proposed to the French people.

[Question] The European elections are approaching and would not appear to be a success for the majority. Do you view this deadline as a mere vicissitude or a veritable turning point?

[Answer] I believe the country is entering a period of increased turbulence and that the European elections will shake it much more profoundly than anyone thinks. It is the failures that will count in these elections more than the successes -- if there are any. Naturally, the most marked failures will be those of the Socialist and Communist parties, which now hold a legislative majority. I know that everyone expects it somewhat, but defeat is quite different from the idea one has of it. In my family, they say that the storm brings its own wind. As does defeat. The government will look singularly weakened. The opposition will repeatedly demand legislative elections. The government will try to strengthen itself by shuffling the ministerial team sooner or later. But I do not believe that these conventional solutions will respond to the scope of the crisis that has hit French society.

[Question] What signs permit you to make such an analysis?

[Answer] The increased exasperation manifested nearly everywhere and which is leading to violence more and more frequently. You have countless examples before you every day.

The sparks that shoot out here and there on the most diverse pretexts reveal ancient, deep fractures in our society. I have often said that we were living through a revolutionary period -- that is, an era of upheavals that affect the balance of forces of the social body, just as in man, puberty and senescence are revolutionary.

[Question] What have the most obvious signs of that desire for "revolutionary" change been? Since when have they been manifested?

[Answer] Under the Fifth Republic, there was first of all the eruption of 1968 and then the change in government in 1981. In both cases, the country was suffering from an inadaptation of the political and social structures in the exercise of a democracy in which the citizens would like to participate more actively. In both cases, the response to this anguished question was ideologically political. The politicians first of all responded by proposing a "state" liberalism and then a "state" socialism -- that is, in both cases, by economic planning. Each time, the government strengthened its hold and each time, democracy, like Gulliver, was increasingly immobilized by the thousand links of a budding *nomenklatura*. One communist minister recently said: "One can say that there is one government wage earner for every three wage earners in France. In other words, the civil service and the public sector are henceforth of great social importance."¹

[Question] You connect 1968 and 1981 with the same underlying causes?

[Answer] Naturally. It was the same biological thrust. The nation was suffocating and fighting its asphyxia. In 1968, De Gaulle alone understood that mad, desperate cry and I believe that everyone but him was mistaken, those who were astonished by that feverish agitation as well as those who denied it, those who lived through the events as well as those who analyzed it after the fact. Through the referendum on regionalization, which in his mind was but a phase, De Gaulle observed that the centralizing, Colbertist and Jacobinic state had come to an end, that its very achievement paralyzed it and rendered it impotent and that, unable to master the administrative monsters it had produced, they had to be divided in order to be democratized.

This astonishing challenge to the exercise of power by the one who held it was brilliant in its premonition. Most of us have not understood it. Postponed several times, drafted in a poorly explained technocratic jargon, confronting existing situations head on and questioning hierarchies and prerogatives, the referendum failed and with it, the first attempt at any far-reaching reform of our society!

[Question] And you say that 1981 was also a sign of that crisis that has not been settled since 1968?

¹ Anicet Le Pors, secretary of state for civil service, on the broadcast "Right to Reply," 15 October 1983.

[Answer] Yes. In 1981, the situation was the same but worse: 13 more years of it and the economic recession that was a revelation to many. In his constant opposition to the General, Francois Mitterrand sought his own way out of this blocked situation. For him, it was not only the use of power that had to be modified, but rather, the very basis of power had to be rediscovered. In the name of what would he govern? France had for centuries been led in the name of God and then in the name of the republic. De Gaulle had identified himself with the nation and governed in its name. Since that time, the government has sought its base, its *raison d'etre* and its justification. One cannot govern in the name of liberalism under penalty of reducing the essential to an administrative purpose. Thus, Mitterrand tried to base his government on man, on human rights. French-type socialism is the instrument of that deification and must therefore modify the structures of society. But I do not believe that one can govern men in the name of man because to govern is to rule on life and death and one can only do so in terms of higher values.

[Question] You mean that socialism does not respond to the state's identity crisis?

[Answer] I just told you so and what is more, in trying to deify man, socialism has been led to nationalize him or functionalize him more and more with every passing day in an absolutely cancerous development of public government.

[Question] Don't you think that the development of government is inevitable in a nation as centralized as ours?

[Answer] You must not confuse political centralization and technocratic centralization. In the former case, power belongs to men responsible to the citizens; in the other, to an omnipresent and anonymous leadership class. Officials are made to serve the state, not direct it.

But in our country, the technocracy has confiscated political power and identified with it. In 1974, we reached a peak because for the first time in its history, France was governed exclusively by men who had emerged from the technocracy. The president of the republic, the prime minister and consequently, nearly all their ministers and their aides belonged to the major government institutions and we have noted to what extent the science of administration can kill the art of governing.

[Question] Everywhere, mainly in the opposition, we hear a discourse that rightly demands less government and that recommends citizens' sanctions and responsibility.

[Answer] Opposition politicians and, I think, most of the citizens of this country now dream of a change in government -- that is, for some, returning to power and for others, tightening their hold on the government. These desires seem to me to be contradictory. How can one imagine that who made the bed of socialism through economic planning that is increasingly strict could conceive and build a system based on risk and the fulfillment of individual enterprise? It is a little as if one proposed to a person blind from birth to fill in the colors on a picture. Therefore, one has the right to ask whether

that which distinguishes state socialism from state liberalism is not simply a change in following. In this case, the term "alternance" would be particularly well chosen. In common language, it would mean "each one in turn" and the institutions we make so much of would only be there to give this alternative state of partisan distribution phases of equivalent duration.

[Question] You do not believe in the therapeutic value of alternance?

[Answer] Whatever the will of men or rather, their good will, I do not believe that a system that crushes our democracy can be transformed simply by a change in majority or surface reforms, any more than it could in 1958. We have to go deeper.

Since the system is blocked, we have to change the system. Instead of trying to amend men, we must transform the structures in which they act.

[Question] You therefore see your conventional response to the economic crisis? If I understand you properly, you propose to modify the institutions.

[Answer] Not only modify them; that would not suffice. The time for modifications is past. I propose to change constitutions in order to bring government closer to the citizens, in order to entrust the nation to those who will take it as it is. By that, I mean management personnel, white-collar workers, the farmers and workers, the merchants and intellectuals, finally, all those who sweat for it. And with them, the corporatist or trade unionist socioprofessional forces who express themselves only in demands would be integrated into political life at their own level because they cannot debate either defense or foreign affairs or money.

[Question] You propose to change the structures of government?

[Answer] I am convinced that if we do not give this country a constitutional framework again in which the nation can rediscover its faith and in which the citizens would find a framework for their identity, their solidarity, an institutional framework that at the same time would make it possible to divide -- and therefore make tolerable -- the monsters we have secreted, things will not improve. I believe that we must restore its function to government, the sovereign function as arbiter, which is not to be challenged or confiscated. And we must give to the regions -- which in my opinion, moreover, would be closer to the old provinces than actual regions -- the functions that are those of economic, social, educational and cultural life and which also have to do with public order. I believe that we have come to the end of a total national egalitarianism. But we must push that reform very far, in structures that in my opinion are close to that of a federal state.

[Question] Revolutionary remedies for a revolutionary situation?

[Answer] Yes, but I am only taking up again something already germinating in the mind of De Gaulle in 1968, something that has not been understood and that cannot take the reformist path. The government must not scatter its power by delegating it. It must give rise to others and keep the essential portion for itself. This profound change can only come about in a political shock

that will put its signature on it and determine it, not in a mere administrative reform. Through a deliberate act, the citizens must rediscover democracy and recreate their nation.

[Question] But is that not what was outlined by the current government in the Defferre reform?

[Answer] Not at all. That reform scatters power by delegating it to local assemblies. It superimposes a regional technocracy on a central technocracy. I believe we have to go much farther and give the regions full competence in certain areas to be defined, such as education or health, for example. Regional competency must be exclusive in these domains. There is no minister of national education in Germany or the United States or Canada or Switzerland, but there is a minister in each of the regions making up those countries. In addition, power must be balanced in the regions between a responsible elected executive and assemblies that are also elected. It is obvious, furthermore, that the current regions are not suitable to support a kind of structure in which regional life would be as complete as possible. One would undoubtedly have to have a regional division that would be closer to geographic, sociological, economic and cultural entities.

[Question] Would such a system not generate inequalities?

[Answer] You have to accept the idea of different regions with different vocations and orientations within which different balances would be established amidst competition and emulation. Is that not the case of all federal systems? It is strikingly evident that the democratic nations that are overcoming the economic crisis the best are all federal in nature: the United States, West Germany, Switzerland or Canada, as if the flexibility, the suppleness, the elasticity of the social fabric were more natural, as if the proximity of power increased the perception of the responsibility of each. Everyone knows that in order to cross a difficult terrain, one uses four-wheel drive because such a vehicle has more chance of making it. That is true of federalism: a liberation of the forces of imagination and local means in the regions with national coordination of the whole.

[Question] And what about the government in all of this?

[Answer] It has become trite to say that at the present time, the government has become impotent because it is challenged, because it is confiscated, impotent because it takes care of everything, because it has confused its sovereign role with that of a protagonist, particularly in economic life. One has but to see the minister of social affairs decide on the routine work of a conflict involving an enterprise that is not nationalized in order to realize this. On the contrary, the government would retain its eminent role in the field of international relations, defense, money and research and would recover its role as an arbiter in the general orientation of the economy, major projects and a new plan.

The state then exercises a management function that is all the more effective because it is not itself involved in details. It must not compromise its

sovereign function in a challenged role of protagonist in economic life. It must not be confiscated by the civil service. At the head of the state, the president of the republic, elected by direct universal suffrage, is then responsible for ensuring the unity of the nation in the highest degree.

[Question] Do you realize that you thus challenge, even though hiding behind him, the institutions with which General de Gaulle endowed France and which are the basis of the Fifth Republic?

[Answer] You must not pay so much attention to the number of the republic but to the republic, one and indivisible. People have very well analyzed how democracies die and the diagnosis most generally given is that of a stifling of their vital force and thrust. Unlike the communist societies frozen by Marxist dogma, societies in the free world in all their diversity are going through a period of intense effervescence of ideas and techniques seeking a new balance. Those with supple structures adapt, but rigid structures have to be modified or they break. In our country, imbued with Latin legalisms, renewal has always borrowed from the institutions their means of blossoming. The difficulty in politics is to anticipate the time when premonitions become realities, when bold conceptions take on the look of the *deja vu*. Nine times out of ten, it is then too late for them to contribute the innovative thrust that alone makes it possible to impose them.

[Question] But how then is one to implement such a profound transformation?

[Answer] Through the referendum process, which is growing rusty and which would finally make it possible to go beyond the partisan splits of the "leftists" and "rightists" in a national desire for renewal.

[Question] Then in your opinion, the Fifth Republic is done for.

[Answer] It is probably true that our republic, the fifth in name, was made for an exceptional man and a given period. The constitution with which De Gaulle endowed France was a means made for him and adapted to the tasks which the times imposed on him. But I believe that we must look, just as he did, to a constitutional modification that will be both the sign of a desire for far-reaching change and at the same time, the instrument of that transformation. Georges Pompidou spoke of a Gordian knot that had to be cut: "We have reached an extreme point," he said, "at which we must put an end to speculation and recreate a social order." (Georges Pompidou: "The Gordian Knot") That is where we are now.

11,464

CSO: 3519/426

UNEASE REPORTEDLY PERVADES SOME PASOK MEMBERS

Athens I KATHIMERINI in Greek 26-27 Aug 84 p 12

/Text/ The "manner" in which the government is handling foreign affairs issues, as well as national issues, was the subject of a discussion the day before yesterday between two old politicians. Their thoughts also mirrored the concerns of the average citizen over various inconsistencies over stances and management that have no place in the exercise of serious, responsible and consequent foreign policy by every government in office. It is of interest that one friend is a member of the present government, while the other, who was once in the government party, is outside the government now.

The two friends have now gotten together after several weeks because the one who is outside the government, let us call him Epameinondas, got "lost" somewhere on the seaside this past summer. The other one, the one in the government, let us call him Ypomenidis, who remained on the "front line," briefed the other one on everything that transpired over the past few weeks (cancellation of the "Zeus" maneuvers, the Cyprus issue and other issues, as well as the party activities of the government party).

Epameinondas suddenly noted some change in Ypomenidis' tone and even his phraseology, while at certain moments he saw his indignation surpassing every previous one.

"Is it you who is saying this, you who always accused me for being in a hurry and for unjustly attacking the government?"

Ypomenidis answered, "Well, perhaps I was right but you still have not understood what has happened. I am living through all of this inside and just recently I decided not to be engaged solely with my own ministry but to look around a little further..."

"And what did you find?"

"Listen carefully, because you are an old friend, and you will understand. Everything that has been happening recently, ranging from the maneuvers in Makedonia to the Cyprus problem to the bill on the security corps, have begun to cause me great concern. And I mention them because they are not fortuitous. We have always known that political thought did not flourish in our party too much. Some ludicrous leftist-oriented views, a lot of blah-blah, words without meaning and content and attacks on capitalism, etc. dictated all decisions."

Finding it difficult to recognize his friend, Epameinondas observed, "Even those important decisions, those that related to our national issues."

"Even the important ones. Don't look at all those years when I didn't talk. What could I have done? I was restricted to my 'job.' And you know that I did it as well as I could. Now, however, things have moved along a lot and we are all in danger. And I'm telling you, all of these things are not so "innocent looking." Such a rush to introduce the bill on the security corps is not at all fortuitous when most of the ministers are opposed to it."

"In other words, it is not only the leftist-oriented mentality?"

"I don't think so. That's what I believed at first but I don't believe it now. At any rate, all of those who brought leftist-oriented concepts cannot think any differently, they cannot see things overwise, their brains work only in one direction. They are one-stringed instruments. Do you understand?"

"Not only do I understand but....I hardly recognize you."

Ypomenidis, who acted as if he did not hear his friend's comments, continued by saying, "All of these things, however, have some limits. So long as such a mentality does not do any harm to the country it is perhaps even entertaining. Now, however, what's happening? Where are we going? This situation is of much concern to me. I've even lost sleep over it. And to think that hypothetically speaking I too took part in the decision-making. The worse thing, however, lies elsewhere. I do not take part but politically-speaking I am responsible, not so much to the outside as to myself. What's going to happen to him.....?"

Epameinondas could not say anything more. He left his friend in a thoughtful state. What could he do?

This dialogue has been rendered almost word for word, without a cut or change. And it says a lot.....

5671

CSO: 3521/340

NEED FOR PORTUGUESE EMBASSY IN ISRAEL URGED

Lisbon O DIA in Portuguese 3 Aug 84 p 13

[Excerpts] Thousands of Israelis with considerable purchasing power would visit Portugal every year if there were a Portuguese embassy in Israel, the director for Europe at the Israeli Ministry of Foreign Affairs has stated.

Amos Ganor said that in order to obtain visas and to visit Portugal, Israelis must go to Spain or Greece, for example, since there is no official representation of Portugal in Israel, although diplomatic relations do exist between the two countries.

Amos Ganor stressed that the case of Portugal is unique. Spain, which unlike Portugal does not have diplomatic relations with the Jewish state, has a consulate in Jerusalem where tourist visas are issued and Spanish interests in Israel are handled.

"In fact, although no relations exist between Israel and Spain on paper, they do in fact exist in such sectors as agriculture, industry, and scientific and cultural exchange, exactly the opposite of the situation with Portugal," he said. He further added that "relations with Portugal are good, but at a halt."

The Israeli diplomat said that his country has submitted proposals to Portugal concerning participation in development projects, including joint ventures in cooperation with the former territories of Portugal in Africa, Mozambique and Cape Verde in particular, but to date, the government in Lisbon has made no response.

"Israel could invest in Portugal and could establish factories, which would provide jobs and contribute to better relations," he stressed. "Obviously we would do this not only out of admiration for Portugal, but because it would also be in our interest. However, it would without a doubt provide a great incentive for Portugal on the economic level," he emphasized.

Israel is particularly interested in Africa and believes that Portugal, with its knowledge of the region, could play a mediating role between its former territories and the Jewish state, this official said.

Amos Ganor believes that political considerations underlie the impasse in bilateral relations, and he expressed the hope that both countries can cooperate more openly in the near future.

STATE COUNCIL MEMBER DEPARTS FOR VISIT TO ANGOLA

Lisbon O JORNAL in Portuguese 3-9 Aug 84 p 10

[Text] Lt Col Melo Antunes was scheduled to depart in the early morning hours today, Friday, for Angola, where, according to plans, he will have meetings with leading personalities in that country, including President of the Republic Jose Eduardo dos Santos. Melo Antunes, a member of the Council of State, a former member of the Council of the Revolution, and president of the Constitutional Commission, is generally regarded as one of the closest advisers of President Eanes on African affairs.

According to a source with which O JORNAL talked, this trip Melo Antunes is making to Angola is connected with the precarious and deteriorating situation in the relations between the two countries, and is designed to contribute to improving these relations. This member of the Council of State will certainly serve as the personal and informal representative of the president of the republic.

In talking with O JORNAL, however, Melo Antunes rejected this interpretation, stating that he is traveling purely as a private citizen and at the invitation of some friends. Apart from having had excellent personal relations for a long time with highly placed individuals in the MPLA [Popular Movement for the Liberation of Angola], more specifically Minister Paulo Jorge, Melo Antunes also includes President Jose Eduardo dos Santos in the list of his friends, and he may possibly meet with him in that capacity.

Melo Antunes further emphasized to O JORNAL that he informed the president of the republic and the cabinet of his planned visit, offering his services in the event that they are deemed necessary. However, there was no response from the executive branch.

The main author of some of the basic 25 April texts returned to Portugal just 3 days ago, after having spent about 2 weeks in Paris working with the labor commission of the UNESCO, to which he now contributes as an expert.

5157

CSO: 3542/105

OPINION POLL SHOWS PINTASILGO STILL AHEAD

Lisbon O JORNAL in Portuguese 3-9 Aug 84 p 12

[Article by Jose Silva Pinto: "Pintasilgo Serves as 'Bridge' Between PS and APU"]

[Text] Maria de Lurdes Pintasilgo has the highest rating among the main Portuguese public figures as a presidential "hopeful," with very strong support on the left and serving as a "bridge" between the PS [Socialist Party] and the APU [United People Alliance].

Although reported in July at one point less than the "peak" of 24 percent reached the month before, the former prime minister continues to enjoy a considerable advantage over the other "natural candidates": Mario Soares, Freitas do Amaral and Mota Amaral.

Freitas do Amaral continues to be included in the group of presidential "likelies" covered by this poll, since the gathering of the data for the purpose was done between 1 and 7 July, and thus preceded the specific rejection of a possible candidacy for the Belem post by the former leader of the CDS [Social Democratic Center Party].

The chart below, showing the relative development of the presumable presidential candidates mentioned, reveals that Lurdes Pintasilgo still has a long lead, with 23 percent of the planned votes, as compared to 13 for Freitas do Amaral, 12 for Mario Soares and 10 for Mota Amaral.

Pintasilgo's popularity has increased noticeably since the beginning of the year, and it should be noted that the spontaneous references to him by those surveyed within the framework of the poll taken by Marktest for O JORNAL almost tripled between January and June.

When asked to volunteer the name of a favorite for the post of president of the republic, 41 percent of those interviewed throughout the first 6 months of the year were willing to do so, and mentioned a specific individual, while 59 percent declined to do so.

Among those who agreed to indicate their preference, 21 percent said they wanted "a candidate who will be supported by Eanes," 19 percent said they would vote for Pintasilgo, 16 percent chose Soares and 14 percent indicated a preference for Mota Amaral.

Alvaro Cunhal came in a considerable distance behind, with only 2 percent, and was thus excluded from the category of "natural candidates." Various other names were also volunteered, including those of Firmino Miguel, Mota Pinto, Melo Egidio, Garcia dos Santos, Salgado Zenha, and Almeida e Costa, but none of these even reached 2 percent.

When presented with a list of several names, including those of the "natural candidates," as well as others such as Firmino Miguel, Salgado Zenha, Mota Pinto and Garcia dos Santos, 24 percent of those polled declined to respond, or said they did not know for whom to vote, while 15 percent said they would not vote, and the other 61 percent agreed to express preference for one name.

Based exclusively on the answers of those who chose one name out of those listed, Lurdes Pintasilgo was the favorite of 34 percent, while Freitas do Amaral and Mario Soares tied at 19 percent, Mota Amaral had 16 percent, and the other 12 percent went to "other" names, including Firmino Miguel, Salgado Zenha, Mota Pinto and Garcia dos Santos.

Thus while the four "big names" shown on the chart could be taken together as the most "hopeful" presidential candidates at this time, one factor continues to be unknown--which candidate Eanes is prepared to support, which in itself could constitute a sizeable advantage.

However, linking the intentions to vote for the candidates and the way those polled actually voted in 1983, it is possible to venture a guess as to where they will seek votes. This is shown on the chart.

Thus it is possible to see how with the support of 8 out of 10 votes in the APU and 3 out of 10 in the PS, Lurdes Pintasilgo appears as the most creditable candidate established with the "leftist majority" (sociological and not political), while the "right-wing majority" (to some extent expressed by the PSD [Social Democratic Party]-CDS pairing) would show preference for Freitas do Amaral, or to a much lesser extent, Mota Amaral, who, moreover, "would fish" in the PS waters too.

Mario Soares, in turn, emerges in isolation, supported only by 4 out of 10 voters in his own party, and 1 out of 10 PSD voters. His support from the APU or CDS voters can be regarded as insignificant.

On the Second Round

If the electoral wheel of fortune places Mario Soares and Firmino Miguel face to face in a second round in the presidential election, the present prime minister would defeat his opponent by a relatively easy margin, with the difference between the two finalists coming to some 13 percentage points.

This possibility was established by O JORNAL through Marktest, within the context of the barometer we have been attempting to develop since the beginning of the year on the basis of representative samplings of the urban electorate (see technical data pertaining to the poll now being evaluated, which was taken between 1 and 7 July).

According to the results obtained, Mario Soares would not win more than 59 percent of the votes from the PS sector and only 11 percent from the APU electorate, which would be much more "generous" toward Firmino Miguel. Out of every four voters in the PCP [Portuguese Communist Party]/MDP-CDE [Portuguese Democratic Movement-Democratic Electoral Commission] coalition, one (25 percent) would cast his vote for the military candidate, while a half would choose to abstain.

Where the "Candidates" Would Seek Their Votes

	According to the 1983 Vote			
	PS	PSD	APU	CDS
Lurdes Pintasilgo	31	5	82	6
Mario Soares	40	9	2	3
Freitas do Amaral	8	30	1	66
Mota Amaral	11	37	3	12
Firmino Miguel	2	11	1	10
Salgado Zenha	4	1	4	1
Others	4	7	7	2

5157

CSO: 3542/105

POLITICAL

PORTUGAL

BRIEFS

COOPERATION WITH FRG--Portugal and the FRG will continue the talks initiated in Lisbon this week concerning tripartite cooperation with African nations in Bonn this coming October. [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 2 Aug 84 p 4] 5157

CSO: 3542/105

PAPER COMMENTS ON VPK LEADER'S SPEECH ON AFGHANISTAN

Stockholm DAGENS NYHETER in Swedish 6 Aug 84 p 2

[Editorial: "VPK Evasions by Natural Law"]

[Text] "Give us friendly relations, but not brotherly ones," many people in Eastern Europe are saying. Friendships can be broken, but brotherly ties are forever!

Those who say this are thinking of their nations' communist parties and their brotherly relations with the Soviet Communist Party--and what these have meant for Hungary, Czechoslovakia, and, most recently, Poland. Afghanistan has also established brotherly relations: the results were soon forthcoming.

When C. H. Hermansson took over as party leader in 1964, the VPK (Left Party Communists) began to turn away from the Soviet model. But the final break with Leninism was never made. The election defeat in 1968 and the fear of losing the Chinese-influenced groups (who finally split off the party) and of losing those faithful to the Moscow line (who finally left the party, as well) contributed to this situation, but a reluctance on the part of the party to break with its roots was the decisive factor. VPK has maintained its fraternal links and still sees itself as part of the global communist family.

Time has now unmasked the clever debater C. H. Hermansson and revealed that he is an opportunist. Always, in a kindly manner, he has given the impression that VPK represents the most advanced positions of progressive popular opinion. Now the question of small nations and their right to independence has come up.

In the debate over Afghanistan on the Culture Page of the newspaper, Sven Lindqvist brought the question to a head. He pointed to historical examples and maintained that it was still dangerous for a small country near the Soviet border to opt for socialism.

Jan Myrdal devoted two long articles to answering Lindqvist, but he dealt with the question of whether or not Sweden could ever be both socialist and independent only in a postscript. He summed up the situation by saying that the question was "open to discussion!"

Rea

Hermansson chose a different tactic (DAGENS NYHETER, 2 August). When Lindqvist talks about the Soviet Union and its neighbors, Hermansson talks about United States policy in Central America. When Lindqvist discusses history, Hermansson speculates about the future. Hermansson has discovered a new reason for socialism: to represent the interests of small nations vis-a-vis the super-power blocs. But is VPK credible in this role?

If Sweden becomes a socialist country, so that the Soviet Union believes we have been converted to accept its model, and if, at the same time, Sweden criticizes the Soviet Union as a superpower, what are the chances that the Soviet Union will not intervene? We would not even have to change our socialist course or return to the mixed economy before the Soviet Union would come to the rescue to "defend the advances of socialism." Our principle of criticizing the superpowers would be sufficient.

Socialism is always something different, Carl Hamilton so aptly stated in a SVENSKA DAGBLADET series entitled Farewell to the Left? Despite their differences, Myrdal and Hermansson prove this point. They never want to discuss socialism in actual practice or the questions of their critics.

Another salient feature of communist political thinkers is the belief that they have science and history on their side. A shining example is Goran Therborn, a professor of political science, who was elected to the VPK Program Committee in 1981. Ideologically, he is strong Leninist. He presented his theses in two articles on 28 July: in DN Debate in DAGENS NYHETER and in the SVENSKA DAGBLADET series Farewell to the Left? The article in SVENSKA DAGBLADET was most revealing. European and American history is a history of leftist advances. The right has been in a state of permanent crisis for 200 years, according to Therborn. The left has now reached its highest stage, he said. He presented the reasons for this in a long essay in ZENIT (No. 83): the growth of the public sector and the power of organized labor.

But things are not so great at the top, Therborn admits. The left is in a state of crisis: it has never achieved its desired results, which has led to disappointment, and the "classic revolutionary and reformist projects" have had their effect.

Despite this, Therborn does not despair. For he knows that, eventually, the "wheel of history will roll forward again," in the direction of socialism. It is the socialists who are riding the tide of history.

This "natural order of things" allows Therborn and other communists to look with supreme indifference upon the great atrocities of history. Like Robespierre and Marat before them, Lenin, Stalin, and Mao will be seen as "historic figures in a brutal time of change." The guillotine is no longer an argument against those who see the French Revolution as an historic advance. "Gulag will suffer the same fate," he believes.

Thus, a belief that history advances according to natural laws can lead to moral catastrophe. Man is forgotten and only the goal is considered important. Socialism of this kind is inhuman.

AID AGENCY DIRECTORS VOTE TO RECOMMEND CUTS IN VIETNAM AID

Stockholm DAGENS NYHETER in Swedish 22 Aug 84 p 8

[Article by Sven Svensson]

[Text] Swedish aid to North Vietnam will be cut from 365 million to 300 million kronor in the next fiscal year. SIDA [Swedish International Development Authority] will recommend this in its budget request that will soon be submitted to the government.

The SIDA staff workers had suggested that the so-called national framework for aid to North Vietnam remain unchanged at 365 million kronor for the next fiscal year.

Still Third

Social Democrat Stig Alemyr suggested a reduction to 300 million kronor and got the SIDA directors to go along with him at a meeting. The proposal led to a fairly lively discussion by the board of directors concerning the size of the reduction; gradually agreement was reached on setting the ceiling at 300 million kronor.

Even after the reduction North Vietnam is Sweden's third highest aid recipient after Tanzania and India.

There will probably be an objection from the Liberals and the Center Party with regard to the principles of the so-called national framework. This objection would follow the guidelines from the parliamentary resolution this spring in which the two parties called for a state committee review of the national limits. The Conservatives have long urged a reduction in aid to North Vietnam.

Within the next few days the parliamentary Foreign Affairs Committee will start a long study trip to Southeast Asia. Members of parliament Stig Alemyr (Social Democrat), Sture Korpas (Center) and Margaretha af Ugglas (Social Democrat), all of them on SIDA's board of directors, also belong to parliament's Foreign Affairs Committee.

Half Going

There has been a discussion on whether the Foreign Affairs Committee should go to the Bai Bang paper mill in North Vietnam where most of the Swedish aid money has gone. The result was that half the committee delegation will go to the paper mill in Bai Bang while the other half makes a detour to Malaysia.

"In general I think it is good not to have too high national limits for individual aid recipients," Stig Alemyr told DAGENS NYHETER. "When a big project like Bai Bang is finished, one should think about whether the national limit should remain as high as it was," he said. "After all the national limit has been extra large because a big project was in the works.

"If there is to be any sense with the paper mill in Bai Bang the raw materials also have to be provided," said Stig Alemyr, "otherwise the whole thing is meaningless. We have also made commitments in the health care sector. Therefore the national limit to North Vietnam cannot be reduced by an arbitrary amount. I am also concerned that we refrain from breaking agreements that have been reached," Alemyr added.

6578

CSO: 3650/274

ARMS EXPORTS STILL RANK THIRD ON WORLD MARKET

Paris LE MONDE in French 3 Jul 84 p 10

[Text] Stockholm (AFP)--In 1983 France sold weapons worth 32 billion francs throughout the world and continues to be the world's third largest arms exporter after the Soviet Union and the United States, as indicated in the 1984 yearbook of the Stockholm International Peace Research Institute (SIPRI) published in Stockholm.

"Despite its electoral rhetoric, the Socialist government in office for the past 3 years has not taken any steps to reduce French arms exports," the SIPRI yearbook notes.

According to the Stockholm International Peace Research Institute whose operating expenses are budgeted by the Swedish parliament, the drop in the sale of French weapons (33.8 billion francs in 1981 and 41.6 billion in 1982) [1983] has not been due to any political decision but rather to the international economic situation.

"The French Government has deemed it necessary to try and increase the sale of arms," the yearbook also reports, noting France's "economic pragmatism" which, according to SIPRI, does not make its arms sales contingent on any condition, political or otherwise.

The SIPRI yearbook mentions that France is seeking to reverse the trend which saw a drop in its arms sales by opening sales offices at several points around the world and by intensifying its marketing efforts, notably as regards naval equipment.

In terms of military spendings, SIPRI notes that France allocated over \$28 billion (1980 base) in 1983, which represents the fourth largest military budget and after that of the United States (\$186 billion), the Soviet Union (estimated at \$137 billion), and Britain (\$29 billion).

Specifically, orders received by French arms manufacturers from abroad in 1983 totaled 29.1 billion francs made up as follows: 75.9 percent for aeronautical weapons; 19 percent for ground weapons; and 5.1 percent for naval equipment. The comparable aggregates of export orders had stood at 37.3 billion francs in 1980, 33.8 billion francs in 1981, and 41.6 billion francs in 1982.

In 1983 the breakdown of exports by geographic regions was as follows: 56 percent to the Maghreb-Middle East; 18.8 percent to Latin America and the Caribbean; 13.5 percent to Western Europe and North America; 6.9 percent to the Far East; 3.5 percent to Black Africa; and 1.3 percent to the rest of the world.

If the sales of aeronautical equipment was as sizeable as it was in 1983, this was due to orders for Mirage F-1 and Mirage 2000 aircraft from the United Arab Emirates, Kuwait, and Peru. Similarly, the magnitude of sales in the Latin American-Caribbean geographic region in 1983 is explained by Peru's purchase of Mirage 2000 planes.

2662

CSO: 3519/442

ROLE, MISSIONS OF MILITARY AIRLIFT COMMAND

Paris LE MONDE in French 5 Jul 84 p 9

[Article by Pierre Darcourt]

[Text] When it thinks of the air force, the general public only envisions images of fighter aircraft, tracing sweeping patterns in the sky with their slender silhouettes like silver arrows. Only the initiated or military personnel serving abroad are aware that the French Air Force also includes 280 transport aircraft of all types including about 100 helicopters, the keystone of all military operations.

Created in 1962, the Military Air Transport Command (COTAM) has since become one of the four operational commands of the French Air Force. COTAM's missions are diverse and very extensive. But its major characteristic is that it is of major importance for mobility and the commitment to and support of the armed forces.

The armed forces whose elements are always scattered must be prepared for action at all times. Thus, COTAM has a role of primary importance to transport in as short a time as possible and over any distance the necessary equipment and supplies. The importance of speed, mobility, and support in the operations of the armed forces implies the constant availability of COTAM's aircraft and personnel. To serve its fleet in the air COTAM has an active force of 4,200 men of whom 1,200 are flight crews.

The heaviest burden of the missions is borne by the C 160 Transall aircraft. As a multipurpose military cargo plane the Transall has a large cargo bay suitable for the transportation of a broad range of vehicles or weapons systems. Thus, a Transall plane can transport a Super Puma helicopter, an AMX 10 tank, or all the components of a firing and detection unit belonging to a Crotale air-ground missile battery.

Missions of All Kinds

Capable of transporting up to 93 commandos or 88 paratroopers completely equipped, the Transall plane can also drop loads of 8 tons by pilot parachute or deliver from the air loads weighing several tons a few meters

from the ground. It is in the context of tactical missions that the Transall evidences its exceptional characteristics. It is able to use landing fields with minimal facilities or land or take off on sand or earthen landing strips in poor condition.

The Transall has served in all latitudes ranging from Chad to Lebanon, in French Guiana, and in Dakar. A reliable, sturdy, efficient plane, the Transall defies obsolescence and offers great flexibility in use. It excels in attacks, in complex operations where landed personnel have to engage in combat right from the time they leave the aircraft. In this type of mission the tactical transport aircraft does not have any air cover or that provided by artillery support and backup fire. That is why these missions are generally carried out at night or at dawn. The surprise effect and speed of execution are two essential guaranties of success.

Darkness poses the problem of identification and detection. The means used range from marking the runway with low-intensity lights to the positioning of a signal-emitting buoy whose signals can be picked up on the radar screen on board the aircraft.

COTAM is headquartered in Villacoublay under the orders of a general officer assisted by a general staff in charge of an operations center active around the clock and equipped with communications networks across the world making it possible for COTAM to be in constant touch with all its aircraft on missions.

Another essential component of COTAM's military air transport facilities is its fleet of five DC-8 aircraft. The use of the two DC-8C 160's became evident in the Mants operation when the Transall aircraft redistributed in Chad's interior, on rough landing strips and very short runways, the cargo flown to Ndjamena by the four-engined DC-8's.

In military missions, humanitarian missions, campaigns against natural disasters, the transportation of mobile surgical units, and airlifts, COTAM's aircraft execute their missions to a tee.

The flight personnel who make up the crews are carefully screened from among the following specialities: Pilots, navigators, and mechanics. In the summer of 1983, during the Manta operation, 26 Transalls and three DC-8's of COTAM managed the feat of transporting to Ndjamena in under 2 weeks over 3,000 personnel and 3,600 tons of cargo.

These accomplishments are explained by flight planning, a constant state of alert, and rigorous training.

Every day, 365 days a year, COTAM's aircraft fly on the average over 100,000 km, carry 1,500 passengers and 80 tons of cargo, and drop 900 paratroopers and 6 tons of material. These "routine" statistics, experience, and recent conflicts demonstrate the major importance of air transportation for logistical support and the tactical mobility of the armed forces.

2662

CSO: 3519/442

CIVILIAN SECTOR'S COMPUTER NETS ILL PREPARED FOR WAR

Stockholm DAGENS NYHETER in Swedish 4 Aug 84 p 10

[Article: "Computers Down On Alert"]

[Text] Although government agencies have become more and more dependent on computer technology to do their work, very few civilian agencies have done any realistic planning for computer operation during a state of alert or war.

When the power supply becomes unpredictable and the capacity of the telecommunications network decreases--which will certainly occur during a period of crisis--many government computer systems will shut down. Important administrative functions will be lost.

This was indicated by a report written by the National Office for Administrative Rationalization and Economy, at the request of the government. The purpose of the study on which this report was based was to see how current regulations on agency planning for information processing during times of war are being implemented in actual practice. Some major shortcomings are pointed out in the report.

According to the report, many agencies are counting on the large government computer center they are now using. This center, called DAFA (National Computing Center for Administrative Data Processing), would operate reliably during a crisis or war, they believe. In fact, however, if war breaks out DAFA will be shut down immediately.

Called Up

Other agencies that must abandon ADP activities during a war and go over to manual data processing have not considered the fact that many key people needed to make the transition will have been called up for military service.

The report states that the government agencies must plan to get by almost totally without the aid of computers.

"Under conditions of war, interruptions in power supplies and communications will be so serious that it will be virtually impossible to continue using computers, even if no combat takes place in the immediate vicinity.

Guaranteeing computer operation requires such extensive measures (moving to underground facilities, installing a separate power supply) that it is practically impossible for most government agencies.

For this reason, it is extremely important that the agencies prioritize their various jobs. They must decide which of their tasks would be most important during a war or state of alert and concentrate on how they can accomplish these tasks without using computers.

Responsibility Unclear

One reason why ADP preparedness at government agencies is so poor is that there is much uncertainty as to the division of responsibility for various tasks in case of war. These questions must be studied first. Then plans may be made for a transition in data processing methods, according to the report.

The problems involved in continued computer usage and a transition to manual data processing methods must be examined in detail. The various agencies must be given detailed instructions in this area. In addition, some agency should be given the responsibility of monitoring compliance with the regulations, the report proposed.

9336

CSO: 3650/265

HYDROELECTRIC DAMS, POWER GRID SEEN VULNERABLE IN WAR

Stockholm DAGENS NYHETER in Swedish 6 Aug 84 p 10

[Article: "Hydroelectric Dams, Power Grid Vulnerable in War"]

[Text] A better alarm system is needed to protect the civilian population, in case water reservoirs at hydroelectric plants should be bombed during a war. Preparedness must also be improved to counter the effects of bombing at chemical warehouses and factories and along the power grid.

This was indicated in a TT (TIDNINGARNAS TELEGRAMBYRA) interview with the head of the Civil Defense Board, Gunnar Gustafsson, and with Tor Larsson and Johan Santesson, both experts at the Defense Research Institute (FOA).

Nuclear weapons are the greatest threat to human life and to the environment. When asked how Sweden would react to an attack by a single nuclear weapon, Gunnar Gustafsson said he would advise the government not to give up, but to continue fighting.

The Stockholm International Peace Research Institute (SIPRI) and the United Nations have coined a new term in modern warfare: "environmental warfare." This means that an attacker utilizes the forces of nature to harm its enemy. The consequences can be irreparable damage to the environment.

Space Boulders

In a book published by SIPRI for the upcoming conference in Geneva this September on environmental warfare, British peace researcher H. Westling lists a number of environmental weapons.

Some seem like pure science fiction. One such example is the use of nuclear explosions to move enormous boulders, many kilometers long, out of the asteroid belt near the planet Mars and toward earth. They would be directed against the enemy and cause extensive damage because of the enormous velocities of the asteroids.

Other ideas that border on science fiction include bombing volcanos to make them active or trigger earthquakes and tidal waves, so-called sunamis, in the ocean.

More obvious examples include destroying crops with chemicals, starting large forest fires, and bombing nuclear power plants, reservoirs, and chemical stockpiles.

Westing pointed to the United States as a user of environmental warfare. Among other examples, he mentioned Korea, where the United States bombed dams, and Indochina, where the United States defoliated forests with chemicals.

Since 1977 there has been an international convention against this type of warfare.

Difficult To Bomb

"Even though we must assume that the conventions against certain types of warfare will be effective, we cannot rule out the possibility of attacks on reservoirs at Swedish hydroelectric plants. Our countermeasures are classified, of course, but risk analyses have been made. The first step is to reduce the water level in our reservoirs. The embankments are difficult to bomb because of their design," director general Gunnar Gustafsson said.

"But we must have a better alarm system to warn the people in case a reservoir is attacked. In this event, the civilian population must be evacuated from the danger zone. This problem must be solved within the next 15 or 20 years."

"Another preparedness problem that must be solved is to reduce the risk of damage to humans and to the environment that would result if the large chemical stockpiles used by industry should be bombed. This problem is growing as our chemical industry becomes larger," Gustafsson said.

Unprotected

"The problem is exacerbated by the fact that these chemical storage sites are located near densely populated areas."

"Our power grid is extremely vulnerable. It cannot be protected. Instead, we must develop the ability to repair it rapidly. The power failures that have hit Sweden in the past have pointed out a serious problem: radio broadcasts were interrupted. I hope that the study being conducted to find out how to deal with power failures will also make recommendations on how to prevent interruptions in radio broadcasts."

Swedish and international experts agree that nuclear weapons are the greatest threat to both humans and the environment.

"It is highly improbable that nuclear power plants will be attacked. Most of them will be shut down if war breaks out. Barseback will be shut down first. Bombing these plants for the purpose of spreading radioactive material over a large area would require a major effort that probably would not be worth the trouble," Gustafsson said.

STOCKHOLM COMMANDANT CITES INSTANCES OF POOR PREPAREDNESS

Stockholm SVENSKA DAGBLADET in Swedish 20 Aug 84 p 3

[Article by Brigadier General Hodder Stjernsward]

[Text] Hodder Stjernsward is a brigadier general and commandant of Stockholm.

Over the summer shortcomings in our military preparedness have been revealed on several occasions. Incidents that came as a surprise and tardy military reactions have occurred along the Norrland coast and in the waters off Skane. Air force squadrons have reduced their activity to a minimum during the vacation period.

But it should be noted that this is not just true of air force groups. No one wants to disturb the sacred summer vacation period. At the same time sub hunts have been conducted at regular intervals in an effort to find foreign underwater craft with no noticeable results.

There are other additions to this depressing pattern. The so-called supervision at Gotska Sandon and Stora Karlso is in danger. Like so much else in this sector this is partly due to officious rationalization cuts. And of course the eagerness to rationalize is due to limited appropriations.

Increasingly Vociferous Demands

The Defense Committee was amazed by an air wing in upper Norrland that was shut down and felt it necessary to review summer preparedness. It was felt that the defense minister should take this up with OB [Supreme Commander of the Armed Forces], according to a report in SVENSKA DAGBLADET on 10 July of this year.

The strange thing is that at the same time as we have seen more and more signs of so-called incident preparedness, the verbal arguments for a high level of preparedness have become increasingly vociferous. Thus the defense minister said with reference to certain preparedness questions (Defense Report 1983/84:20, Par. 31): "Special attention should be paid to the fact that technical developments have made it possible to launch an attack on

us with a shorter warning period than we used to have. We also need to increase combat capability with the resources of the peacetime organization so that our preparedness inspires the respect and trust of the rest of the world."

The OB's 1984 perspective plan, part 1, is to a large extent a manifesto for increased preparedness. He said among other things: "In a dynamic and uncertain security situation, however, there are increased demands on the defense system to be capable of stepping in with the resources of the peacetime organization and at other levels of preparedness against increasingly varied military threats in changing situations ranging from incidents to serious crises."

Lack of Realism

Thus there seems to be a basis for raising performance preparedness to an acceptable level. But determination and resources are needed in addition to these generally mounting demands. The determination must be based on a realistic view of the threat. Those who are not interested say: "We will have advance warning, we will have time to arrange everything for the best, we can call up troops and move them to the locations where they are needed, etc."

This view is highly unrealistic. We should have some kind of advance warning, but what will happen after that? If one bases planning on not taking a great many steps until after this advance warning has been given, one has started out by building difficulties into the plans.

Some prerequisites simply must be found from the beginning, all war experience shows that. These prerequisites include trained combat-ready troops a short distance from or at the assault objective in question, possibilities for sheltering and feeding the troops, the ability to get to likely combat areas, and access to ammunition and heavy weapons without using time-consuming transports.

To say that the troops can sleep in tents and use field kitchen supplies is correct, of course, but such statements suggest a childish and immature way of thinking. The rapid and hard-striking efforts that may be required of our emergency forces must be based on established trained troops that are familiar with the site.

Must Shape Up

If one agrees that advance warning will be given, these questions arise. How seriously will this be taken, and what increases in preparedness will the government and the defense system be ready to make? A decision on partial or total mobilization is big, costly and a step with society-changing consequences. Such a decision requires courage.

Mobilizing our armed forces takes time. Its implementation and the deployment and grouping of combat forces are vulnerable moments. In the so-called

twilight period prior to mobilization and during it, the resources of the peacetime organization have to protect us. Are these resources strong enough, properly organized, trained and grouped for emergency tasks?

The answer is no. Extensive steps are needed to make the peacetime organization ready to meet the threats that can arise even in what we call peacetime. We must realize that operations against our country are taking place even now.

For the foreign underwater activities that have been directed against us in recent years are actually operations. To these activities can be added other signs of strong interest in our country by the major powers. If we are to hope for the continued trust and respect of the rest of the world we will have to shape up.

A National Concern

Quite naturally there has been concern in Stockholm. Several motions in the fall session of parliament called for retaining three J-35 Draken fighter divisions until the mid-1990's. A motion from Stockholm Conservatives concerned the short-term and long-term direction of the defense of Stockholm.

This motion stated that the defense of Greater Stockholm is a national concern. It also said that the main thing to do in the short run is to correct deficiencies with regard to protection against sabotage units, the defense of mobilization and transports and air defense.

The Defense Committee shared the opinion that the defense of Stockholm is of special importance and stated that improvements are needed with regard to the defense of Stockholm (Defense Report 1983/84:20, Par. 16). The committee further announced that preparedness improvements are currently being tried by the government. "The committee assumes that decisions will be made and that steps will be taken without unnecessary delays."

Readiness Needs Ignored

Upper Norrland has been given top priority in preparedness respects. I would not criticize that. The Stockholm problem has been kept in the background. Now a broader group of people has understood the importance of the capital as a primary target in a surprise attack. It is almost comical to be forced to point out that the national leadership, headquarters, Swedish Radio and TV, central functions in the telephone, electrical and postal systems along with national communications are primary targets.

Arlanda is our biggest airport. Stockholm houses the biggest harbor on the east coast. Reflection and exercises on the military and defense area level have shown indisputably that units prepared to act in the Stockholm region are too weak. It does little good to lament over the 1982 Defense Act. It is enough to say that it totally ignored the need for preparedness as far as Stockholm is concerned.

Now times are different. Disturbing events, the reaction to them and the tone of the defense minister, the Defense Committee and the OB, as mentioned above, should guarantee a new view and sympathy for reinforcing readiness to act in Stockholm. This is an urgent matter. When it is discussed, proper steps must be taken. Limited steps at the periphery of the problem will not solve anything. Thus one more platoon, garrison or degree of preparedness will be of little help.

Acute Need

A reinforced rifle battalion that is always ready and based in Stockholm would be the minimum force needed to deal successfully with current and immediate preparedness. It is also the minimum force that can inspire confidence externally.

Our remarkable home guard with important stationary wartime assignments must have such a unit supporting it. We will not have acceptable preparedness until we have this natural division into one fixed and one mobile component.

It will be an unwelcome thing for those who removed most of the last formation in Stockholm to have to acknowledge the need for a permanent battalion in the capital. But prestige must not take priority in the present grave situation.

One can call the formation what one likes, but few can deny the need for one and the need is acute. It is important to act before all the housing, provisioning and training opportunities have been lost.

Heart of Defense

What has been said so far concerns incident preparedness. Let us call this short-term preparedness. It also concerns the long-term preparedness that is being treated in a distressingly short-sighted way just now.

The reason why I am dealing with this topic too is that it also concerns incident preparedness, though not in the Stockholm area. This involves the remarkable attack some genius has launched against our tank brigades. It is to be hoped that this is just a passing fancy that will quickly be forgotten. If this is not the case we will be embarked on self-destruction of an unusually damaging type.

Our tank brigades are the heart of the defense of southern Sweden which it has taken painstaking decades to build up. Their basic and refresher-trained tank battalions are southern Sweden's only effective emergency unit on the ground. Training can and should be arranged so that a tank battalion (or the equivalent) is constantly prepared on a year-round basis to carry out emergency assignments in Skane along with the regular training program.

We Can Afford It

It is said almost ad nauseum that the defense system must make savings. Of course that is true. Scarcely any part of the state apparatus has been so thoroughly scrutinized and subjected to such sweeping savings measures as defense in recent years. However savings cuts and rationalization have been the enemies of effective preparedness. Good incident preparedness is the primary thing for defense in peacetime both geographically and from the point of view of time.

Against the background of the current situation and the threat that now exists and can be foreseen, this part of our defense must be given a lot more attention. It must inspire confidence and respect--continuously. The relatively limited steps recommended above--they involve only the army--are urgently needed and we can certainly afford them.

6578

CSO: 3650/274

BRIEFS

SOVIET AIRSPACE VIOLATION--The Soviet violation of Swedish airspace early this month was noteworthy. Overflights by foreign military planes usually last a few seconds. This lasted at least 5 minutes. It is hardly likely that the violation was unintentional. The Soviet pilot or his combat command had plenty of time to note the violation. When it comes to Soviet submarine incursions, the superpower has adopted a nonchalant attitude toward "little" Sweden. It has been hinted unofficially that the violations will never be acknowledged. But in this case the intrusion was obvious. An explanation and an apology should be demanded. [Editorial: "Soviet Violation"] [Text] [Stockholm DAGENS NYHETER in Swedish 26 Aug 84 p 2] 6578

CSO: 3650/274

FINNISH FIRMS HOPE TO START LOGGING IN SOVIET KARELIA

Helsinki UUSI SUOMI in Finnish 3 Aug 84 p 17

[Article: "Enso, Rauma-Repola and Tehdaspuu Interested; Finnish Logging in Karelia Will Probably Be Postponed Until Next Year"]

[Text] The discussions engaged in between Finnish and Soviet lumber industry leaders regarding logging operations in Soviet Karelia with the aid of Finnish loggers will scarcely yet produce results this year.

Manager Pentti Larvio, a member of the Enso Gutzeit board, considers it unlikely that they could start logging on the Soviet side of the border as early as this current logging season.

"Our partner in the negotiations seems to be reacting to this project favorably," Larvio stated with regard to the discussions that have been entered into.

In addition to Enso, Rauma-Repola and Tehdaspuu [Factory Lumber], which is a joint lumber supply company composed of A. Ahlstrom, Kaukas, Kymi and Tampella, have been interested in the approximately 1.5-million-cubic-meter logging operations mentioned by Gosplan [State Planning Committee] chairman Nikolay Baybakov, who visited in Finland last spring.

The Finns had originally hoped that the logging areas would be situated as close as possible to the border. According to Larvio, it now, however, appears that they will be so far from the border, about 50 km away, that traveling daily there and back from Finland does not seem to be feasible.

It Is a Question of Thinning Out the Forest

"If the logging operations are carried out, we will apparently have to set up logging camps on the Soviet side. One logging camp would yield about 100,000 cubic meters a year. For Enso this would mean two or three logging camps, or an annual logging volume of about from 200,000 to 300,000 cubic meters. This would provide jobs for from 100 to 150 lumberjacks."

According to Larvio, it is primarily a question of thinning out the forest, since the area in question has little fully mature timber for cutting. One problem may be the acquisition of suitable equipment.

Logging on the Soviet side of the border is not a completely new venture for Enso, since Enso handled the logging operations at Kostamus. According to Larvio, the experience it gained from them was particularly good.

Planning director Tero Ollila of Tehdaspuu Oy admitted that logging preparations are being considered, although it does not appear that they will be scheduled as soon as they had presumed last spring.

11,466
CSO: 3617/208

INCREASING INTERNATIONALIZATION OF ECONOMY POSES THREAT

Helsinki HELSINGIN SANOMAT in Finnish 8 Aug 84 p 2

[Editorial: "Independence of Economic Policy in Danger"]

[Text] During the past 5 years Finland's economy has clearly been in better shape than the industrial countries', on the average. Our country's isolated position and conscious regulation of movements of capital have made possible an independent monetary and foreign exchange policy that has in part led to a development differing from that of other countries.

Our dependence on international money markets has nevertheless increased. Concern has also arisen as to how our country's economy will in future be able to avoid worldwide economic crises and disturbances produced by uncertainties.

Dr of Political Science Pertti Kukkonen feels that the need for considering the effects they will produce on Finland's economy if an independent monetary and foreign exchange policy can no longer be pursued is of particular importance now. The freedom of international capital movements widely practiced in the Western economic system and the fluctuation of foreign exchange rates have produced disturbances in world trade, unexpected fluctuations in nations' ability to compete and growing uncertainty in business activities.

From the development that has occurred we may come to the conclusion that free movements of capital are not as favorable as free foreign trade. The Nordic countries have traditionally been more unwilling than other industrial countries to free the flow of capital, but they have not necessarily been pointlessly niggardly in connection with it either. The money markets that are evolving and especially the hopes of financial institutions are adding to pressures toward increasing freedom of capital movements, but in effecting it this development may reduce freedom of trade and particularly cut down on the central banks of small countries' ability to direct cash flow and control the evolution of interest rates.

Dr Kukkonen recommends careful consideration in freeing capital movements at this time, while this is still possible. In many other countries they are no longer in any position to do so, instead being largely at the mercy of global economic crises and fluctuations. We cannot really isolate ourselves to become our own little island, nor would it be wise to even try to do so. But there

is nevertheless reason to learn from experiences acquired elsewhere so that we here can within our capabilities avoid those difficulties and disturbances which many Western European countries suffered when they lost their independence in setting interest and foreign exchange policy.

Protectionist tendencies have in large part been strengthened precisely so that countries with little room to maneuver in terms of economic policy do not find other ways of maintaining economic equilibrium. Economic growth has been slowed down for long periods of time and lasting means of recovery have been hard to find. Their example is not very tempting.

In future the requirements for economic success will probably most certainly be different from what they have been these past few years. All the more reason for vigilantly following the challenges posed by worldwide economic development trends, but also for being careful that our country's economic development does not become a bit of driftwood at their mercy. The controlled liberation of capital movements may well be inevitable. How it will happen and where there may even be reason to tighten control must be taken into consideration in an unbiased manner.

11,466

CSO: 3617/207

GOVERNMENT'S PROBABLE ECONOMIC GOALS DETAILED

Athens I KATHIMERINI in Greek 26-27 Aug 84 pp 1, 3

/Article by P. Kassimis/

/Text/ The worker wage increase to be granted in September is not expected to go beyond 2 percent (ATA /Automatic Cost of Living Adjustment/ for the second quarter) while inflation at the end of the year will range between 19 and 20 percent, thus contradicting the government's estimates. These developments together with the continued "bad situation" in the current balance of trade are causing a big problem for the government as far as the drafting of the 1985 economic policy is concerned. In a clear pre-electoral period, the government is failing in drafting a policy that would be acceptable to the majority of the Greek people without creating explosions in our suffering economy.

Caged in up to now by its proclamations and contradictory interpretations of its economic policy by even its own officials, the government is facing with fear one more year of government office, especially from the moment when Minister of National Economy Ger. Arsenis realistically exposed to Prime Minister A. Papandreou the situation and prospects of the economy.

Of course, no one dares publicly express an opinion, much more to Mr Papandreou, over the developments and policy that must be followed. Everybody is waiting "for the air to be cleared up" that the prime minister is excluding elections in 1984 and after that "they will burst out" with "criticism" and "proposals." The only exception appears to be Mr G. Arsenis who --obliged by his position and orders from the prime minister-- believes that a way out can be found if everybody were to obey to one common tactic so as to "win" one more year without needing to really confront the problem of the economy.

According to information, the minister of national economy contends that the drafting of a presentable budget and the implementation "of a somewhat acceptable" income policy for 1985 is possible. Specifically, this is as follows:

- Income policy: With a certain increase of the cost of living by 8-9 points during the last quarter of the year it will become possible to grant a sizable increase to salaries and daily wages as of 1 January 1985, something that could constitute a covering for the lost income of the current year and, at any rate --according to fixed governmental tactics-- something that will be credited to the income policy of the new year.

At the same time, the continuation of the ATA system, without, of course, legislative adjustments, could be projected by the government as constituting a harmonization of income policy with the fixed demand of the workers.

- Budget policy: It will be a "tidy" budget with the only substantial increases being in defense and public investments. This will be followed by some small increase in expenditures for health that will permit "movement" in one of the many areas the government had offered promises, while expenditures, in real drachmas, in the field of education will be rather steady.

According to information, public investments will be divided into three categories:

a. Projects on the nome level (drainage and sewerage, water supply, etc.) that will be continued without a real increase in appropriations.

b. "Networks of projects" on a national level that will be promoted for the first time and will be devoted to the study of port construction, the development of the Amvrakikos and the...Akheloos. In this connection, the opportunity will be given the government for a big projection of the overall issue without the need for incurring large appropriations on the budget since in essence these will be "preparatory showcase projects." At the same time, big efforts will be made to come to some agreement with a foreign firm --rather an American or French one-- for the Amvrakikos project.

c. "Involvement in the urban areas," as the designers of the public investment program call them. This concerns the announcement of radical (according to the government's opinion) projects for the upgrading of the quality of life in the big cities, with particular emphasis on the capital. According to information, substantial projects will be announced for the center of Athens including the construction of sidewalks on the central streets, as well as the construction of other projects but it is doubtful if they will go beyond the study stage in 1985.

More General Economic Policy

As for the drafting of a government economic policy, things appear to be much more difficult. Specifically, the situation in the current balance of trade does not at all permit a heating up of the economy because this would make necessary an excessive increase in imports and by extension a foreign exchange hemorrhage.

It is, therefore, certain that an attempt will be made to confront the problem of continually rising unemployment through an extension of "the special program for fighting unemployment." Appropriations needed for this will be found from cuts in other areas including national subsidies that are granted, without a formula, for the support of certain agricultural products. (There is strong opposition to this by Minister of Agriculture K. Simitis).

In the area of private investments, the government has decided that it cannot expect anything. Just as it cannot expect any activity by state officials in the field of industry. Both because of a lack of appropriations and also because any investment activity on the part of the state in industry does not offer any pre-electoral benefit for PASOK.

A serious problem for the government is the continued rise in the value of the dollar. Although it gave the drachma the opportunity to tumble vis-a-vis other European currencies, achieving an unofficial devaluation, it also created inflationary pressures and excessive increases in the cost of servicing the country's foreign debt.

Hoping for a stabilization --not, however, a retreat-- of the dollar around the end of the year, the government appears determined to let the drachma continue its drop, thus avoiding the political cost of an official devaluation that is estimated between 8-15 percent.

It appears that Minister of National Economy Arsenis is insisting on an improvement in the business atmosphere. Relying on the big PASOK drop in the urban centers, Mr Arsenis has received the "carte blanche" authorization of the prime minister to move forward in taking action that will improve the atmosphere between the government and the producing classes. Thus, it is expected that he will announce in September easier granting of loans to handicrafts. As for plans for the financing of trade with the goal of purchasing Greek products it appears that they are being put off because of the lack of money.

In the field of industry the situation is more difficult since activity of the private initiative sector does not depend on any kind of incentive but on the abolishment of anti-incentives that are created by the tactics of government officials.

It is characteristic that, according to information, Mr Arsenis made very strong observations to Minister of Commerce Vas. Kedikoglou --at the meeting of the Prices and Revenues Committee-- over the imposition of a fine on a firm that had closed down and for an injustice that had been committed 3 years before through the enactment of a relevant law.

The minister of national economy is already seeking an improvement in the atmosphere, removing from Kaningos Square /Ministry of Commerce office/ the opportunity to announce price measures and decisions. Thus, the decision that will be made by the Prices and Revenues Committee, that will convene within the week, will be announced by Mr Arsenis himself and not by Mr Vas. Kedikoglou who will confine himself to.... signing the relevant market regulations.

5671
CSO: 3521/340

BRIEFS

PUBLISHED LABOR STATISTICS INEXACT--Because of published accounts dealing with the European Committee's annual report on the unemployment situation in the EEC member states, the Ministry of Labor has made known the following with regard to unemployment in our country: "Our country, just as all European countries, has been affected by the international economic crisis and the slump in the economy which has resulted in a gradual increase in unemployment. The PASOK government inherited from its predecessor a chaotic economic situation and a large number of unemployed, the real number of whom ND did not want to disclose. For that reason the unemployment percentages that were presented before PASOK took office were very low and, of course, were not believed abroad. In 1981, in view of the elections of the time, a 4.03 percent unemployment figure was presented, a percentage figure equal to 148,000 persons. In June 1981 (survey conducted from April through June), ESYE / National Statistical Service of Greece / presented a percentage figure of 6.1 percent unemployed, equal to 214,000 unemployed workers out of the working population (3,740,000). The European Committee's assessment relates to the unemployment percentage of the urban areas of our country in 1983 and that is set at 10 percent. Therefore, with this percentage figure as a basis and given the fact that those engaged in work as salaried workers in the private sector of the economy, and not including employers, self-employed persons as well as the unpaid members of families are about 1,670,000 persons, it ensues, according to the EEC, that the number of unemployed in our country was about 167,000 persons in 1983. We add that we have repeatedly stressed that statistical surveys in our country are inexact. /Text/ /Athens I KATHIMERINI in Greek 25 Aug 84 p 7/ 5671

CSO: 3521/340

SONMEZ ON DEVELOPMENT STRATEGY FOR EASTERN ANATOLIA

Istanbul MILLIYET in Turkish 2 Aug 84 p 2

[Article by Mustafa Sonmez]

[Text] Mustafa Sonmez was born in Van in 1955. He graduated from the School of Business Administration of METU in 1978. He worked for various research and press institutions. He has three published studies on the Turkish economy, studies on provincial and regional industries as well as articles published in various periodicals and newspapers.

The disclosure of the decree concerning incentive measures to be implemented in regions that have been granted priority in development and the introduction of this decree by prime minister Turgur Ozal as "the beginning of the development move in the East" has once again brought the issue of inter-regional imbalances in Turkey and the issue of the development of the East to the platform of debate.

The sources of regional imbalance: In capitalist economies where the "maximum profit" target of private business is predominant and public investment is dependent on this target, regional imbalances are unavoidable consequences of the capitalistic development. As observed in practice throughout the world, backs are turned for a certain period of time to an imbalanced distribution of industrialization or development. In other words, the concentration of industrial activities is in one center, in countries that are in the first stage of industrialization. In this way, in almost every country the existence of a center makes itself felt. Some examples are Istanbul in Turkey, Buenos Aires in Argentina, Lisbon in Portugal, Athens in Greece and the Tokaido regions which comprises the cities of Tokyo, Wogaya and Osaka. However the increase in regional imbalance begins to create substantial problems by imperilling the effectual use of resources in the long term. The problems continue to grow both in the developed center and in the backward region and this invites state intervention in order to correct this imbalance.

The concentration of industry in one or two provinces of a country is accompanied by disorganized and incoherent urbanization. This unorganized urbanization causes housing problems, an increase in the loss of usable time between the place of work and home, shortage of power and water,

deterioration of hygienic conditions, increase of shanty housing, appearance of a rental economy leading to unjustified profits, traffic jams, environmental pollution, and finally, security problems which pose a series of social, economic and political problems. (1)

Imbalanced development increases the problems of the backward area as well as rendering the questions of the large cities unsolvable. The income of the people of the backward area whose economy is usually based on agriculture and animal husbandry falls far below the country average and great inequalities emerge from the point of view of income and welfare. Alongside low incomes, a widespread open-end hidden unemployment and the massive immigration of the active young population bring with it various social problems.

The Situation in Turkey

The regional development of Turkey's industrialization has not been any different from developed or developing capitalist countries. Istanbul, which at the beginning was a colony, later on the capital of the Eastern Roman and Ottoman empires continued its characteristic as "the single sovereign city." Especially since the fifties when an era of integration with the capitalist world economy was entered upon, Istanbul reinforced its virtue of being the "concentrated province" by spreading on to its immediate vicinity in the following years. If we may disregard the industrialization which was realized during the "etatist" period, the industrialization process that began in the fifties, materialized as industrial plants established by business men who were until then importers and who cooperated with foreign capital later on to establish this industry. Istanbul has long been the gate of imports and a settlement for importers when plans were made to produce those imported goods on which a ban was placed by foreign business and former importers, Istanbul was thought to be the most ideal place. This was because Istanbul was by way of proximity convenient for raw materials and machinery to be imported. Furthermore, it was the most convenient region from the point of view of infrastructural investments and Istanbul had a consumer population with higher income. Demands upon the government for infrastructure increased in proportion to the speed that industrialization picked up from the fifties on with heavy pressure from the industrialists. The Istanbul capitalist circles got the lion's share and all state enterprises that profited businesses were established in the vicinity of Istanbul. Concentration of industry in Istanbul expedited an onslaught of capital and work force from the other provinces and this process snowballed in time.

The Istanbul capital unable to contain itself within the geographical boundaries of Istanbul expanded its scope to Bursa, Kocaeli and Sakarya respectively, and in the 70's to Edirne, Tekirdag, Canakkale, making the Marmara region "the concentrated region" of the entire country. Consequently, by the end of the seventies the Marmara region had a share of 21.2 percent of Turkey's population, 34.2 percent of the GNP, 32.3 percent in budget revenues, 56.2 percent of businesses under social security, 41.2 percent of the labor force with social security privileges and 44.7 percent of bank deposits.

While the Marmara region was living through this period of concentration, no solution could be found to the backwardness of the Eastern and the South-Eastern regions that were the other extremes. These regions where 16.7 million citizens live, were unable to receive even a full 10 percent of the National Product and the per capita income remained at a level that is 47 percent lower than the average. The concentration in the Marmara region brought all provinces, particularly Istanbul, face to face with the problems of haphazard urbanization. When the issues that surfaced in the Marmara region are viewed together with the issues of the Eastern and the South-Eastern regions, to resolve the question of "regional imbalances" has become crucial.

What Was Done, What Wasn't Done?

Efforts towards alleviating regional imbalances were first initiated in the years of transition to the "planned economy" period. For the first time in 1968 "the provinces with priority in development" were determined by number and region and various additional incentives were given to investors to invest in these provinces.

The number of "provinces with development priority" established at 22 in 1968 was increased to 41 in 1971. Seventeen provinces out of the 27 provinces with priority that were most recently established in the Eastern and South Eastern Anatolian regions have been under this status since 1968. However the results of the 15 year's enforcement of "the provinces with priority in development" have not been effective from the standpoint of alleviating the imbalance. Despite all efforts of the governments in providing incentives, the number of establishments to come under incentive regulations was limited to the 10 percent of the total of 5918 establishments that were granted special incentive status throughout Turkey. Investments in these provinces were made predominantly by the public sector or by the participation of the public sector, however uneconomical and irrational choices of investment led to a waste of resources. For example, in various sectors, output of public plants in the 25 "provinces with priority in development" that were established in 1981 and of which 17 are in the Eastern and South Eastern Anatolian regions is as follows: fodder, 25.5 percent; milk products, 14.8 percent; meat processing, 21 percent; meat packing, 10.6 percent and fertilizers 27.7 percent. (2)

Meanwhile, there are those provinces that were governed by regulations of "the provinces with priority in development" and that produced positive results. However, these are not in the East but they are the "rather backward" provinces of the Marmara Region. The provinces of Bilecik, Canakkale, Edirne and Kirklareli which had been rather backward until the early seventies had made great progress within a short period of time. When the "external economy" that the bigger provinces such as Istanbul, Kocaeli and Bursa was added on to the incentives of "the provinces with priority in development" regulations, investments in these provinces became attractive for the Istanbul capital and these provinces arrived at a certain level of development within a brief period. As a result, they were removed from the scope of "the provinces with priority in development." (3)

What Can Be Done?

In essence, the Ozal government's policy in connection with "the provinces with priority in development" does not differ considerably from the past policies. The Eastern and South Eastern provinces are still under the scope of "the provinces with priority in development" regulations. What is different from the past practices is that certain measures such as government subsidies on wages and expedition of public investments in the region have been added to miscellaneous tax immunities that were put into effect, leading to a quantitative increase in the incentives given.

One wonders if this quantitative injection of investments will provide a cure in the East and the South East. As practice has proven, to make these incentives as wide spread as possible and to increase the dose of incentives is nothing but distributing favors. Both theory and practice prove that an industrial plant in a backward area is not sufficient to develop that area. Especially if backward provinces and counties cover an extremely vast area and shelter a large population, as well as providing limited resources as is the case in Turkey, it then becomes unavoidable to concentrate larger investments in a few provinces which are convenient to rapid development.

In our opinion, instead of declaring every province eligible for "provinces with priority in development" practices and rather than prodigiously distributing incentives and therefore causing a waste of resources, it would be more suitable to give priority to certain provinces that can create a few "concentration centers." Moreover, this should be done under the auspices of the public sector, because the questions of the East are too urgent to be left to the whims of foreign and domestic capital based on prodigious incentives.

Conclusion

The public industrial plant projects to be prepared within a strategy targeting one or two "small Istanbuls" in Eastern and South Eastern Anatolia should be designed with an economic capacity taking into consideration the productivity ration of the capital. Concentrated provinces where large plants will be grouped may provide the right environment for side industries by developing rapidly. Moreover, the completion of the infrastructure by the public sector will decrease the social cost of providing social and cultural services. The development centers of the East to be produced in this manner may expedite the development of the other provinces by providing them with external economies. It may also curb the exodus of manpower and capital from the region. As a result of this process, the cities which are at the center of the region will assume the character of a "metropole of balances." As a matter of fact, it must not be forgotten that Bilecik, Canakkale, Edirne and Kirlareli, formerly rather backward areas around Istanbul Kocaeli and Bursa, have attained their rapid development within the past few years thanks to the existence of these "concentration centers."

FOOTNOTES

1. Associate Professor Dr. Edring Tokgoz: Regional Imbalances in industry and Turkey. Hill Publications, 1976.
2. State Planning Organization: Industrial plants and their characteristics throughout the provinces. 25 provinces with priority in development. Chart 5, 1981.
3. Yurt Ansiklopedisi: Chapters on industry of the above mentioned province provinces. 1981-1983.

9834

CSO: 3554/292

EUROPE BECOMING AWASH IN NATURAL GAS AS PIPELINES COMPLETED

Stockholm DAGENS NYHETER in Swedish 27 Aug 84 p 8

[Article by Bjorn Anders Olson]

[Text] Toward the end of the century there will be considerably more gas on the market than energy demands will require.

Predictions of the gas needed in the future have been lowered time after time in recent years.

Within EC considerably less natural gas is consumed today than was the case 5 years ago.

Last Saturday the final pipeline was laid in the Oresund and Sweden and Denmark were permanently connected, at least as far as gas is concerned.

Some time late this fall--after long delays--Swedegas will present the government with its ideas about whether Sweden should buy Soviet gas via Finland.

And this is happening in a climate in which consumption is declining and is not expected to increase in the future at anything like the rate people were predicting just a few years ago.

But in general the question of whether gas is dead as a form of energy even before it has been developed is answered in the negative. Gas has a role to play in energy consumption in the future but apparently it will not have the same dominant role that oil has had, for example.

People at the Gas Association, for example, said that for natural gas to be of interest to Sweden it could not cost more at the border than the equivalent of 10 ore per kilowatt hour. This in turn is the equivalent of an oil price of \$20 a barrel. Today the price set by the oil countries is \$10 higher than that.

The difference is that oil does not need the same enormous investments in permanent structures, pipelines and so on that gas requires.

The gas pipeline from Tromso in northern Norway down through Sweden to the continent--which few people still believe in--would cost 20 billion kronor to build.

Danish Gas

Sweden has signed a contract with Denmark on buying 400 million cubic meters of gas a year from 1985 to 2009, the year before the planned phase-out of Swedish nuclear power.

But interest in buying Soviet gas via an extension of the pipeline that already goes to Kotka in Finland has cooled markedly.

Up until the first oil price shock in 1973, most people regarded gas as an unnecessary waste product in oil production. But as oil prices rose, interest in natural gas as a separate form of energy rose too.

One often hears from the proponents of gas that there is an abundant supply of all energy forms, but that the supply of gas is especially abundant.

It is estimated that gas could easily be extracted in a quantity corresponding to 90 billion tons of oil, equal to total world energy consumption, for many decades to come.

West Germany's Ruhrgas has guaranteed deliveries for 140 years.

In the world today gas constitutes 20 percent of total energy consumption. In Europe as a whole this figure is only 15 percent while within the European Community, EC, gas meets around 18 percent of energy needs, an increase from 12 percent in 1972, the year before the first oil shock.

Change in Attitude

One can detect a change in attitude within EC today concerning gas as an energy source.

In 1979, right after the second oil price shock, natural gas played its biggest role so far for energy consumption within EC.

At that time the 10 countries used gas corresponding to 127 million tons of oil equivalents, which means it would have taken 172 million tons of oil to replace the gas consumed as energy.

In 1980 and 1981 gas consumption declined 2 percent each year and in 1982 it declined another 4.5 percent down to a consumption of 159 million tons of oil equivalents.

Gas proponents are content to point out that the decline went hand in hand with the worst economic recession since World War II which led to a reduced demand for energy.

But during those years, gas was replaced by coal and oil for heating, and in the chemical industry gas lost its importance as a raw material for such things as the production of methanol and ammonia.

This development has caused EC to reconsider.

The predictions made for gas consumption in 1990 have been revised drastically.

In 1981 the EC Commission estimated that by 1990 the 10 countries would need gas corresponding to 221 million tons of oil equivalents. Today it is not believed that EC will come anywhere near that consumption level even by the year 2000.

In October 1982 the prediction was reduced to a need of 206 million tons of oil equivalents and today it is agreed that the need for natural gas in 1990 will not exceed 197 million tons of oil equivalents.

If we move another 10 years into the future, to the turn of the century, predictions are naturally even less certain. The need is estimated at between 193 and 200 million tons of oil equivalents.

If we take all of western Europe together, it does not appear that gas will take market shares from other energy sources, at least not for the rest of the 20th century.

The latest report indicating this was written by the American consultant firm of Purvin and Gertz in Dallas Texas, and predicted that in the year 2000 gas would represent 15.5 percent of total energy provided in western Europe, in other words around the same share as it provides now.

Equivalent of 177 Million Tons

According to Purvin and Gertz western Europe today consumes roughly the equivalent of 177 million tons of oil. By the year 2000 consumption will be around 228 million tons of oil equivalents.

If we compare the EC and Purvin and Gertz forecasts, they indicate that gas consumption outside EC will increase somewhat more than inside the EC countries for the rest of this century, 29 percent in all western Europe compared to 25 percent in EC.

From an overall point of view the consumption of gas in western Europe will not increase in line with the increased supplies of gas.

Purvin and Gertz said that such potential gas suppliers as Nigeria, Cameroon and Qatar should not count on breaking into the West European market.

"The total potential gas supply in the North Sea and the Netherlands and gas from existing facilities in the Soviet Union and North Africa represents a substantial surplus," the Purvin and Gertz report said.

The EC countries with Great Britain, Holland, Denmark and Italy as the big gas countries, still need to import 43 percent of their gas needs. France is a big importer and West Germany is also in a precarious situation.

Longer Contracts

A big difference between oil and gas, aside from the big plant costs for gas, lies in the contracts.

Oil is purchased on shorter contracts, sometimes on the spot market in Rotterdam. Gas is purchased on longer contracts--often 20 years--and is thus harder to adapt to price realities and other factors.

EC has already signed contracts for deliveries up to the year 2000 with countries outside its own group.

The contracts for several different years look like this in terms of million tons of oil equivalents:

<u>Country</u>	<u>1982</u>	<u>1990</u>	<u>2000</u>
Norway	22	27	17
Soviet Union	18	37	40
Algeria	6	29	20

Thus according to current contracts Norway's and Algeria's roles would peak in 1990 and then decline while the Soviet role in EC gas and energy consumption will rise steadily.

This is also something the United States frequently points out. That increased dependence on the Soviet Union is dangerous. What would happen in a crisis if the Soviet Union suddenly turns off the gas way up in Siberia?

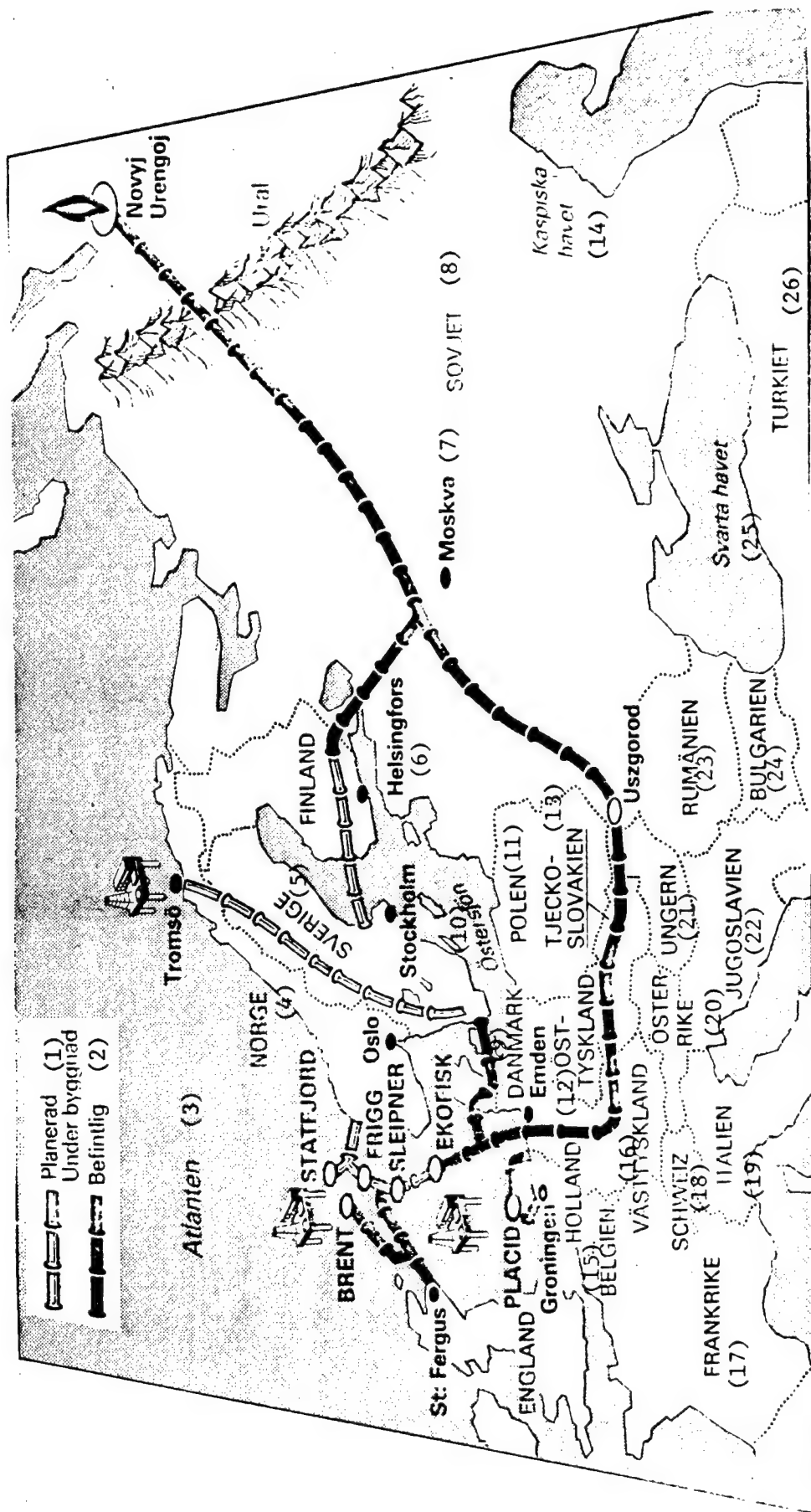
To this Europeans reply that they are trying to achieve a certain distribution of the risks so they do not end up in the same dependency situation as they were with oil and OPEC.

If, at a high estimate, 20 percent of Europe's energy needs are supplied by natural gas and as in the case of EC, 20-25 percent of the gas comes from the Soviet Union this would still mean that the USSR would supply only 4-5 percent of EC's total energy needs.

Behind

In Sweden, as we mentioned before, we are quite far behind in the gas cycle. Under any circumstances a pipeline from Tromsø will not be needed before some time in the next century.

The Danish gas is coming, the Finnish-Soviet gas is hanging in midair since the response from towns and industries in central Sweden has not been what gas proponents had hoped for.



Last New Year's Day Soviet authorities announced that the enormous 45-mile long gas pipeline from Novyj Urengoy in Siberia to Utsjok on the Czechoslovakian border was completed. It cost at least 80 billion kroner to build. At the same time gas consumption has declined in western Europe. The pipeline from Tromsø down through Sweden to the continent, at an estimated cost of 20 billion kroner, will probably never be needed.

Key: 1. Planned, under construction 2. Existing [Key continued on following page]

Key [Continued]:

- | | |
|--------------------|------------------|
| 3. Atlantic Ocean | 15. Belgium |
| 4. Norway | 16. West Germany |
| 5. Sweden | 17. France |
| 6. Helsinki | 18. Switzerland |
| 7. Moscow | 19. Italy |
| 8. USSR | 20. Austria |
| 9. Denmark | 21. Hungary |
| 10. Baltic Sea | 22. Yugoslavia |
| 11. Poland | 23. Romania |
| 12. East Germany | 24. Bulgaria |
| 13. Czechoslovakia | 25. Black Sea |
| 14. Caspian Sea | 26. Turkey |

What Sweden really decided on the energy question was to reduce import needs from the current 75 percent down to 50-60 percent.

No more than a sixth of the imports will consist of gas; not even gas proponents believe that. This means that Sweden will continue to use gas to meet only 10 percent of its energy needs, in other words half the share gas has in the world as a whole.

6578

CSO: 3650/274

DEPUTY QUESTIONS STRATEGIC PETROLEUM RESERVE POLICY

Brussels KNACK in Dutch 11 Jul 84 pp 90-91

[Article by Johan de Roey: "Strategy of the Reserves"; passages enclosed in slantlines, printed in italics]

[Text] During parliamentary debate on the budget for the Ministry of Economic Affairs, Marcel Colla (SP [Socialist Party - Flemish]) asked urgent questions about the strategic reserves, which oil companies have to maintain in order to be able to cope with crisis situations. The response from the official in charge of energy, Knoops, was agitated but vague.

It happens that members of parliament worry about the thorny situation in the Persian Gulf. The war between Iran and Iraq threatens to endanger the energy supply of the West. We remember the pictures of burned out tankers. We know that the Reagan administration reacted by providing sophisticated arms to Saudi Arabia. Marcel Colla felt that in this situation a cut off of the oil supply has become less hypothetical. In the unlikely event of this happening anyhow, would we then still have the strategic supplies, which the oil companies are legally required to have in stock, necessary to keep the country going? Or is it true that they are evading this obligation? Given the situation in the Gulf, Colla felt that the debate on the Economic Affairs budget was the right occasion to ask the government these questions.

"If the crisis in the Gulf spreads, then we will be faced with two problems: first of all, the lack of the necessary amount of oil we need; secondly, price hikes." This is how Colla put it. "There is quite a bit of optimism in government circles about working out those problems. I would like to share in this peace of mind. But I don't want to fall asleep. It is said that we could solve all this by increasing oil production in countries such as Nigeria. The quality of Nigerian oil is not particularly the best. And is the country able to respond to such expectations? In any case, a widening of the conflict in the Middle East would put our country in a difficult situation for 6 months because of the escalation of prices and the length of the period necessary to work out an alternative solution. It should be possible to absorb such a crisis by using the strategic stocks which, according to Belgian law, must be held by the oil companies."

Hence, the SP member of parliament asked Secretary of State Knoop about the situation of those strategic reserves. He actually asked what strategy the government is following relative to the reserves and whether the oil sector has not thought up its own high-handed strategy for those reserves. "There is not a single acceptable reason not to hold a tight rein on the obligation to lay in strategic stocks, even if the danger in the Persian Gulf declines." This statement by Colla was not challenged by the government, of course not. But Knoop's response to Colla sounded rather hesitant. The secretary of state could not agree with the "thoughts of doom" of his esteemed fellow member and said that he did hear something about mutual accusations made by companies relative to violations of the law concerning the strategic reserves. Colla's impression was that the secretary of state nervously repelled the question like an annoying insect but that he was not able to give an adequate answer with the fly swatter.

The system of oil reserves is based on the royal decree of 11 October 1971, amended by the royal decree of 1 July 1976. Those strategic reserves must be maintained by: anyone who refines here or refines for pay and sells products on the Belgian market, and anyone who only imports but offers products on the Belgian market.

Those companies must maintain reserves equal to 25 percent of the amount of products sold on the Belgian market during the previous calendar year. The goal is to supply the country with reserves for approximately 90 days. In this context, a distinction is made depending on the categories: gasoline, diesel oil and domestic oil, extra heavy fuel oil. For each category there is an imposed minimum storage capacity and a set of criteria about the quality which must be kept in stock. For gasoline they must have 6,000 tons in stock, for diesel oil and domestic oil 7,000 tons and for extra heavy fuel oil also 7,000 tons. In some cases they have to stick to the imposed amounts per category alone, without taking into account the 25 percent rule.

A concession was made to the companies: they are allowed to stock part of their strategic reserves abroad.

In Belgium, 24 companies are expected to abide by the law on strategic reserves. Based on the work of the National Institute for Statistics, the Energy Administration draws up a list every year with the amounts which each company must maintain as strategic stocks. Supervision is carried out by the General Economic Inspection Service. The system could be watertight. But Colla keeps wondering whether it is adequately implemented.

He specifically wanted to know when the last physical inspection of the stocks had taken place and what the results were, what the actual level of the stocks is per category and how much of those stocks are the property of the companies involved. In addition he asked the question: how many of those strategic stocks are in fact in a transit situation in our territory.

... and the Facts

The member of parliament did not ask those questions merely out of a desire for information. He himself said that he went to browse in statistics, at the

European Community, at the International Energy Agency, in refinery circles in Antwerp. Colla feels that the result of that was "disconcerting and bewildering." As a matter of fact it turned out that four fraudulent actions are talked about as virtually obvious: either companies do not respect the duty to lay in supplies, or -- more subtle -- companies present stocks in transit which no longer belong to them because they have been sold as strategic reserves, or they store more strategic stocks abroad than is allowed, or companies make skilfull use of the "ticket system" (that is to say that they have already discussed contracts to purchase oil stocks or manufactured products in the not too near future, but they already add those yet to be acquired supplies to their strategic reserves; the order forms have been sent out but the merchandise has not yet arrived and in most cases is expected to arrive only months later).

"Hence," said Colla, "I must conclude bluntly that the vast majority of the companies -- with /at most/ four exceptions! -- in reality do not comply with the requirements of the law (perhaps they do in paper stocks). The figures, which are passed on for EC statistics, seem to agree, but if you were to go check them with a sounding-lead those figures would turn out to be merely camouflage for a less attractive reality. Hence, Belgians could be looking at situations, such as the one in the Persian Gulf, with an absolutely mistaken feeling of security. Furthermore, such an attitude distorts competition, because the rare companies which do stick to the regulations have extra costs, which put them in an adverse position relative to all the others which are wiping their boots on the regulations. In addition, this also causes a distortion of prices, because the companies are allowed to claim 28 cents per liter for manufactured products, because they have to build up strategic reserves."

"Knoops answered me /that it seems to him that everything is in order/," said Colla. "He added: I have heard something about complaints from companies about other companies, to the effect that they do not comply with the rule. /We will investigate that/, he said. Hence, at no time did I receive a rebuke for my distrust. I didn't even get anything that might look like an answer. I do find that a very irresponsible attitude on the part of the government. Because that reaction abundantly strengthens my conviction that the law on strategic reserves is complied with only on paper. Hence, on the day of reckoning, if a serious crisis really were to break out at some time it will turn out that there is a paper tiger in the tank of the Belgian economy."

Interests

When we fearfully wondered what interest the government might have in maintaining or tolerating such abuses, Colla answered: "The government must defend the interests of the country and has no interest at all in such practices. But we are getting here the umpteenth proof that in terms of energy policy, especially the oil policy, the Belgian Petroleum Federation and Paul Hatry are the ones who determine policy and not Messrs Knoops and Eyskens. Neither should we forget that the government is either too lax in its supervision or else knows what is going on and thus accepts the possibility of chaos during a possible crisis! In many a country the obligation is even greater than in Belgium;

there they are required to build up reserves for 120 days. Those strategic reserves are not simply a whim of a Belgian government. I feel that it is bitterly serious."

In the past, the government refused to consider raising the reserves to a quantity for 120 days. Because they felt that that would cost the companies too much. But now it seems as if they are not even enforcing the 90 day supply rule. The importance of oil in our energy supply may have decreased somewhat through savings or switching over to other sources, but it is still great enough to take strategic reserves seriously.

Colla added that he hopes from the bottom of his heart that the crisis in the Persian Gulf will remain limited. Otherwise, if Belgium were to become involved in the swelling crisis, it could end up dry for lack of strategic reserves before it gets to the regularization of prices and imports from other areas. It is remarkable that the government seems willing to run that /not/ imaginary risk.

Hence, there is a strategy for oil reserves, but depending on what body manages it, it seems to change completely in terms of nature and goals. And hasn't the government, as watchman for the strategic reserves, fallen into a culpable sleep?

8463

CSO: 3614/112

NEW ENERGY AGENCY CHIEF ON POLICY PLANNING

Helsinki UUSI SUOMI in Finnish 4 Aug 84 p 13

[Article by Kimmo Salin: "New Energy Department Chief: We Are Going Through a Period of Backwardness in Energy Policy Planning: 'Flexibility in Planning'"]

[Text] Finland's energy policy planning is at the crossroads. In the opinion of department chief Taisto Turunen, who has occupied his new post in the Energy Department of the Trade and Industry Ministry for a couple of weeks now, we are going through a somewhat backward period in energy policy planning.

Up to now officials in Finland have created energy policy largely on the basis of fixed, definite plans.

During the past few years, with broad political agreement prevailing, we here have constructed two energy policy programs and every year a general plan for electric service has been drawn up.

"From the drafting of definite plans we could switch to more flexible framework programs because external conditions for the construction of an energy policy change very rapidly in the world of today," Turunen said, considering our energy affairs at a level higher than they have been so far.

This summer Turunen received a promotion from his post as chief of the Planning Bureau to head of the entire Energy Department when high-level decision-makers recognized that, aside from being competent, Turunen was also "suitable" for the post of the late department head, Erkki Vaara.

The unanimous choice of Turunen to be our top energy affairs official was viewed as an especially good decision in Finnish "energy circles." Both the oil and electric industries approve of him.

Experience Has Taught Him

Turunen bases his idea of switching to flexible framework programs on his experience in the recent past.

"The first energy crisis came as a surprise, the second oil crisis came as a surprise and we couldn't anticipate the 'hangover situation' that has followed

current energy crises either. The changes have been greater than those we were prepared for in our plans."

In Turunen's opinion, we might learn from this development so that in future programs may be more flexible.

Signs of changes in the approach to planning are already evident. In 1979, when the first energy policy program was drafted, it was decided to draft the next, the second energy policy program in 3 years time, in 1982.

By 1982 attitudes had already loosened up somewhat and in the second energy policy program it was established that the next time a program would not be drafted until 5 years had elapsed, if need be.

The general plan for electric service has, however, so far been drafted every year. Turunen admits that in the ministry they are considering whether they might adjust the drafting schedule for the plan.

Discussion of the matter has already begun and Turunen regards this as symptomatic.

"Making the final decision in power plant decisions doesn't happen solely in accordance with the general plan for electric service. For example, the last time the Council of State removed the most important part of the plan, the nuclear power plant issue.

"It is the ministry's job to figure out how often different plans should be drawn up. We can't plan here just for the fun of planning," the former Planning Bureau chief said.

Wile, according to Turunen, they might relax the planning system, in future as well they will have to concentrate on research in the ministry.

Readiness Must Be Found

According to Turunen, energy policy makers must be ready to say what effect a given energy policy will have on other national policies or vice versa.

In his opinion, another important question to be cleared up would be how the whole energy policy decision-making process works or how it should work, who ought to handle what and who decides on what. To be considered would be, for example, to what extent a decision reached by an earlier decision-maker ties the hands of another decision-maker in advance.

Turunen does not want to concentrate the planning and report work solely in the ministry either; rather he reacts with understanding and also positively to the reports of the different energy companies themselves, even though they may not deal only with their own fields of operation.

Competition Must Be Permitted

He does not disapprove of Neste's [state oil company] electrical research because he feels that it is good for energy companies to be thoroughly familiar with the whole field of energy. Whether we need an energy policy to govern the conclusions presented by the company in fields that do not properly belong to its field of operation is a different matter.

Nor does Turunen view the tug of war in the field of heating between the two big state power companies, Neste and IVO [Imatra Power Company], disapprovingly either.

"There is reason for oil and electric power to compete with one another and, at least in the short run, this has not worked to the detriment of consumers.

"So another question is whether in the long run one or the other of the two companies will secure markets for itself which it would not otherwise get or which would not otherwise belong to it. This matter is on the ministry's report list," Turunen smiled.

He did not feel it was realistic for them to be able to govern consumers' choice of energy form any more than they do right now through an energy price policy.

But he nevertheless admitted that the electric versus oil heating dispute constituted some sort of headache for them.

Otherwise, Turunen gave the impression of being quite satisfied with the present-day very innocuous atmosphere surrounding Finnish energy policy, which he feels is largely due to the tranquilization of external energy policy factors.

Like a true official, Turunen did not assume any position, asserting only that the energy policy must be prepared to answer for what happens, even if deciding on a power plant should be postponed for several years.

11,466
CSO: 3617/208

BRIEFS

INCREASED OIL CONSUMPTION—After decreasing for many years, oil sales took a turn for a 6.3-percent increase during the first half of the year. The same tendency has been evident in other Western industrial countries too because of the drop in the real price of oil and economic recovery. The Oil Industry Association claims that the fact that this year has been colder than last year has also caused oil sales in Finland to increase. Furthermore, in looking at Finland's growth figures we must take into account the fact that fuel oil sales in particular were abnormally low during the early part of last year since, in connection with the devaluation, consumers tried to procure overly large stockpiles. When the effect of these factors is omitted, it is estimated that domestic consumption in Finland has dropped by about 1 percent. The change is, nevertheless, significant enough for oil consumption to have in general dropped at the rate of 7 percent a year over a 3-year period. In Finland as elsewhere in Europe, the increase in sales has been especially in connection with liquid fuels used in traffic. During the first half of the year gasoline sales rose 3.5 percent and diesel fuel sales 5.1 percent. Consumption has also shifted toward high-octane gasoline. The use of regular gasoline has dropped 1.3 percent. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 9 Aug 84 p 22] 11466

CSO: 3617/208

GASOLINE TAX PROVOKES PRICE WAR

Paris LE NOUVEL ECONOMISTE in French 23 Jul 84 p 24

[Article by Jean-Michel Caroit]

[Text] Having received unanimous approval, even by the CGT [General Confederation of Labor], the sharp increase in gasoline prices could set off a new price war. The 22 centime increase per liter of premium gasoline, up to 5.34 francs in the Paris area, goes mainly to the government, as retailers will only receive a 0.85 centime per liter rise in their profits.

Arguments over the discounts at the pump started again following a recent decision by the Paris court of appeals. When the service stations which observe the regulations on discounts (no more than 18 centimes on a liter of premium gas) filed suit, the first chamber of the court refused to indict the "price breakers" violating these regulations. The Parisian judges referred the case to the European Court of Justice, which will decide in October if the French regulations are compatible with community law. This decision has upset small retailers, and grumbling can be heard in several regions.

In Mont-de-Marsan, for one, where large service stations have posted discounts of up to 48 centimes. Part of these super discounts is not illegal: after each price change, retailers do not have to apply the increase to their supplies purchased on previous terms. Unlike the small stations which rush to change their prices, the large retailers prefer to post discounts for a few days, which can become sizeable. The Leclerc brothers, Edouard and Michel--with about 500 sales outlets each--have become expert in using this device.

How far can the price war go? Unless retailers sell at a loss, the discounts cannot exceed overall margin, i.e., no more than 40 centimes before taxes for the large sales outlets. The retail margin fixed by the government is 22.90 centimes per liter of premium. To this must be added the supplier's rebate. It varies according to the company, on the basis of the amounts delivered and the term of the supply contracts, but it is a maximum of 11.85 centimes for the largest buyers, discounters or main

service stations. Moreover, oil companies offer a "unit delivery discount" of the order of 3 to 5 centimes, which also favors the large stations.

Duplicity

Finally, all the major distribution networks--Euromarche, Leclerc, Carrefour, Auchan, etc. (which account for about 17 percent of gasoline sales)--hold "A3" import permits. Thus they may procure 20 percent of their fuel needs on the free market, in Rotterdam or elsewhere. They buy the rest of their supplies from other "A3's" or from large companies. This has led the small retailers to denounce the "duplicity" of large corporations which continues to sell to large service stations in violation of the law on discounts.

It is clear that the competition is unfair between the small station operator who must pay for and maintain his station out of the 22.90 centimes legal margine, and the large operators who can use gasoline as a "come-on" product.

Hence a restructuring of the network appears unavoidable. Moreover, it has already begun. Ten thousand sales outlets have disappeared in 10 years. However, there are still 36,000 stations in France today, as compared to less than 21,000 in the Federal Republic of Germany. With monies coming from a parafiscal tax, and a fund to modernize the network has been set up. It, however, can only spend 10 million francs, one-fifth of its credits, to compensate retiring service station operators. The balance will be allocated to modernize sales outlets. But, as a station operator noted, "conversion of a small station into a [large] self-serve station costs over 200,000 francs, and only half of this amount is available at the most.

9805

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LOWER NATURAL GAS PRICES PARALYZE MARKET EXPANSION WORLDWIDE

Paris LE MONDE in French 7 Aug 84 pp 13-14

[Article by Veronique Maurus]

[Text] Does anyone know it? On Kalimantan Island (Borneo), at the other end of the world, the French company Total has discovered between the sea and the tropical marshland, in the Mahakam Delta, three new gas fields. Their potential: between 100 and 300 billion cubic meters of recoverable gas, "or the equivalent of the Frigg Field in the North Sea (200 billion cubic meters)," observes the company. Yet, Total hesitates.

At the Tunu Field, by far the largest deposit, which alone could contain the equivalent of Lacq, some 20 wells have been drilled so far. "There are 25 more to be drilled in the next three years," says the director of operations. "Will they be drilled? The market is not there today. However, the drilling represents 50 percent of the development costs. To start under these conditions..." "With the existing contracts, we can deliver 1.8 to 1.9 billion cubic meters per year," explains the director of Total Indonesia. "With currently known reserves, we can double that figure. With the anticipated potential, we can do three to four times more. But the demand cannot keep up..."

The result is that for the time being, the new Indonesian gas will remain underground, like the one in Qatar, where a huge field was discovered more than eight years ago, like the gas in Australia, Nigeria, Cameroon, and so on. Throughout the world, producers hesitate, faced with the same dilemma. Considering the heavy production and transportation costs (pipelines or liquefaction plants), the rigidity of the chain, and the necessary length of supply contracts, gas, unlike oil or coal, must unconditionally be sold long before it is produced. An average of four years elapse between the decision to develop and the delivery date, but a minimum of two or three years of preliminary studies and negotiations are necessary to guarantee an outlet.

A Buyer's Market

However, no new supply contract that could lead to new developments has been signed since 1981. The rare serious negotiations that have been started are dragging on, and only the ones between Norway and Great-Britain for the sale of Sleipner (North Sea) gas, and between Australia and Japan to exploit the Northwest Shelf deposit, have some chance of being finalized more rapidly.

"The market is somewhat blocked," admits the director for gas at the ELF group. The resulting investment freeze can ultimately prove to be very dangerous for the consumer countries; unless they soon sign new contracts to prepare for the future, at the beginning of the next decade they risk to find themselves at the mercy of the large producers such as the USSR, which have enormous reserves and are already equipped to produce more almost instantaneously.

Gas, like oil, is now paying dearly for the excessive optimism at the end of the 1970's. Optimism on the part of consumers, which relying on a demand growth much greater than real, multiplied their long term contracts that are now too large. Optimism on the part of some producers, such as Algeria, Indonesia, or Abou-Dhabi, major producers of liquefied natural gas (LNG), which in order to compensate for higher costs [1], have imposed high prices that are now hindering their sales.

Although gas consumption as a whole has constantly increased throughout the world (1278 billion cubic meters in 1975, 1481 billion in 1980, and 1547.1 billion in 1983), primarily due to the eastern countries, it has not kept its promise. On the three major markets open to competition (North America, Europe, and Japan), the demand since 1980 has either decreased (America), or stagnated (Europe and Japan). In 1979 for instance, the Japanese Ministry for International Trade and Industry (MITI) forecast importations of 53.5 million ton-equivalents of oil (TEP) in 1990. Its latest 1983 estimates have lowered this figure to about 38 million TEP.

The same thing happened in Europe, where all the gas companies are at the minimum consumption level stipulated in contracts. The EEC which in 1981 predicted a gas consumption of 221 million TEP in 1990, recently reduced its estimates to 197 million TEP for 1990 and 193-220 million TEP in 2000. Is this the time to speak of surplus? "The companies are not overcommitted," but "we are comfortable," acknowledges Mr Delaporte, director general of Gaz de France. "If demand were to increase by 10, 15, and even 20 percent, we could meet it without any problem as part of existing contracts." One thing is certain: the gas companies in Europe, Japan, or the United States have more than enough with existing contracts to satisfy demand until the end of the decade.

[1] Due to large liquefaction and regasification expenses, LNG costs about \$2 more than natural gas delivered as such through a pipeline.

It is clear that the market has become a buyers' market on which the gas companies have wrenched price reductions without any trouble for the past year, at times beyond those resulting from the drop in oil prices (on which most of the contracts are indexed). For the past two years, gas prices have dropped by about 25 percent in Europe and North America, from a 1982 average of \$4.5 to \$5 per million BTU [2], to the current \$3.5 to \$4 depending on the contract. But the consumer countries, taking advantage of their strong positions, are attempting to obtain further reductions. "Prices are still too high," states the director of Total Indonesia. "Some producers have sought the highest price and it is now turning against them. If that is where it stays, it will be very difficult to restart. But if some of them agree to back down, the market could react very fast." It is true that such countries as Algeria or Indonesia, which four years ago attempted to press their advantage to the utmost by imposing excessive prices, now find themselves in critical positions, having so to speak picked the fruit before it was ripe.

Algeria's Example

Algeria's case is a particularly good example. The new trade policy implemented at the beginning of 1980 by the Algerian government, aimed at deriving greater value from gas resources, was totally disrupted by the market's reversal. The new formula applied at to the contracts signed at that time, notably with France, was indexed on the official prices of a group of crude oils, so that it amplified both the upward and the downward changes in their prices. The drop in the official OPEC prices in March 1983, reduced the Algerian price from \$5.12 per million BTU in 1982, to \$3.94 at present.

Application of the former price formula would have certainly resulted in a lower current price (about \$3.60 according to an expert), but it would at least have placed Algeria in a good competitive position.

As it is, the country lost on two fronts: its prices are lower than those of other producers of LNG (which are selling to Japan), but are too high for Europe or North America, where it is competing against natural gas producers (transported by pipeline). It consequently encounters enormous difficulties in having its contracts respected, as well as a significant drop in sales. The American companies El Paso and then Panhandle have ceased their withdrawals. Spain, with which Algeria has started a law suit, is drawing only one-third of the expected amount (1.5 out of 4.5 billion cubic meters), as does Belgium (1.5 billion out of the expected five, with 2.5 billion during the first year).

Altogether, Algeria last year sold no more than about 17.5 billion cubic meters, with France and Italy being the only ones to respect their contracts for essentially political reasons, whereas the country's total capabilities amount to 30 billion cubic meters. "In 1979, Algeria hoped to ultimately export 70 billion cubic meters and had firm contracts for 35 billion. It equipped itself accordingly," states Gaz de France.

[2] One million BTU (British thermal unit) is equivalent to 25 cubic meters of gas, to 0.025 TEP, or to 0.18 barrels of crude oil.

Actually it is difficult to see how Algeria will be able to maintain its price policy for any length of time, faced with the competition of other suppliers to Europe. Algerian gas is now reaching the market after transportation and regasification, at \$4.4 per million BTU, compared to an average border price estimated at \$4 by Gaz de France (from \$3.86 for Norwegian gas to \$4.15 for Netherlands gas).

As of now, a number of producers appear ready to accept new adjustments. Canada for instance, has freed the exportation price of its gas, a move which should reduce it, as well as the price of Mexican gas, which is a direct competitor on the American market.

In Europe, the Soviets, which are presently the second suppliers after the Netherlands but ahead of Algeria and Norway, are also showing signs of commercial realism: the price fixed in a contract recently signed with Italy (from \$3.60 to \$3.70 per million BTU) is 10-15 percent lower than the one stipulated for deliveries to France or FRG (\$4.15 per million BTU). Similarly, Netherlands has recently accepted, as part of a specific sale of several hundred million cubic meters to Belgium, a price close to \$3.70 per million BTU, price which was also accepted by the USSR, competing for the same transaction.

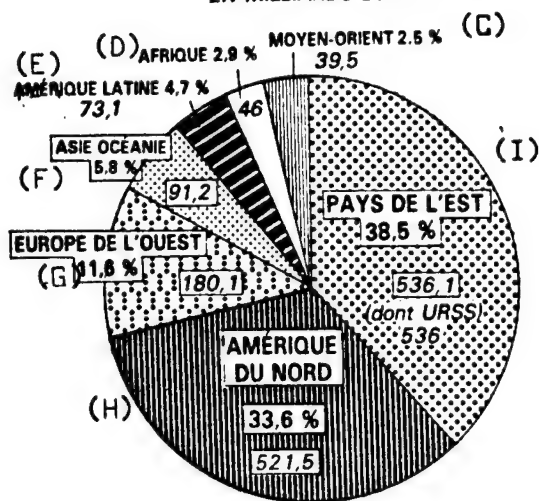
On the basis of these precedents, Gaz de France has started negotiations with the Soviets to obtain a price reduction of the same magnitude as the one granted to Italy. These negotiations, currently stopped but expected to resume at the end of September, could result in an increase--much slower than announced--in the size of the second contract with the USSR, contract which originally stipulated the delivery of 8 billion cubic meters in 1985, with a flexibility of up to 6.4 billion. The "smoothing" of deliveries could give Gaz de France as well, recourse to individual "spot" purchases at definitely lower prices.

Several signs already indicate that the Algerian government might also be on the verge of some concessions. For instance, the recent nomination of Mr Ghozali, former minister of energy until 1979 and out of the limelight since then, to the Brussels Embassy, is interpreted by observers as a possible shift in the gas policy, which could manifest itself during next year's renegotiation of the Belgian and French contracts. It is even whispered that Algeria has sent feelers through intermediaries, offering Gaz de France the integration of a price floor in its contracts, which would of course not occur without counteroffers.

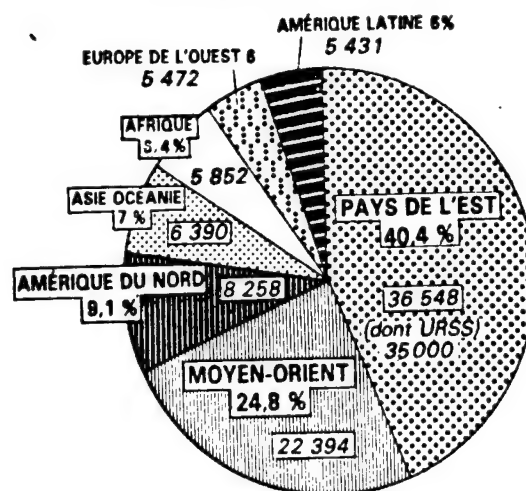
Until the End of the Decade

However, the consumer countries should not rejoice too soon. Price reductions, desirable for the short term, have their own price: they encourage gas companies to postpone the signing of new contracts (in a dropping market, the winner is the one who buys last); and even more seriously, they totally stop all developments for new gas, most of which is

(A) PRODUCTION EN 1983
EN MILLIARDS DE M³



(B) RÉSERVES EN 1983
EN MILLIARDS DE M³



- Key:
- (A) 1983 production, in billion cubic meters
 - (B) 1983 reserves, in billion cubic meters
 - (C) Middle East
 - (D) Africa
 - (E) Latin America
 - (F) Asia and Oceania
 - (G) Western Europe
 - (H) North America
 - (I) Eastern Countries

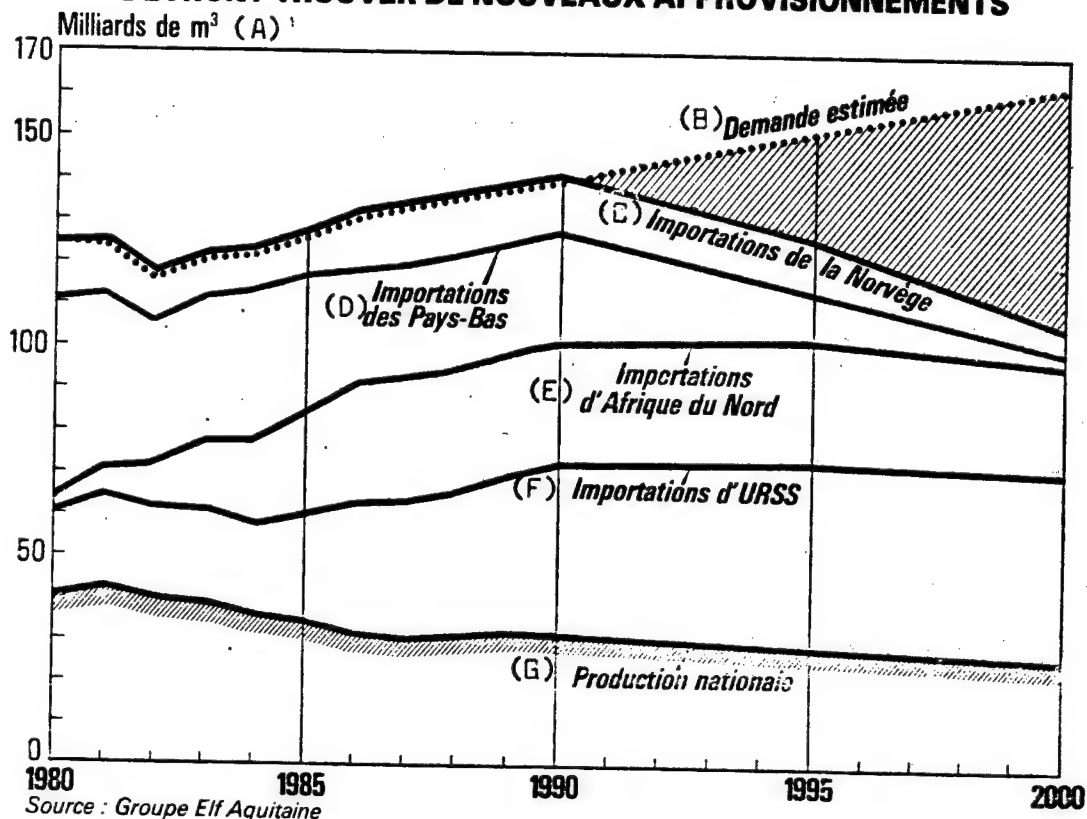
more expensive than currently produced gas. The present affluence will not last forever. "At the beginning of the 1990's, there is every evidence that Europe as well as Japan will need new gas," says the director for gas at Elf-Aquitaine.

It is indeed clear that after that time, the existing supply contracts (see graph) will not suffice, unless one foresees an absolutely level demand during the next 20 years, which seems improbable, except for the United States. But in order to satisfy this additional demand beginning in 1991-1992, the consumer countries should be signing new long term contracts at this time.

In a recent communication to the Communities Council, the EEC estimates that "additional importations will ne necessary starting in mid-1990's, and their level should ... be between 20 and 55 million TEP per year in 2000." Reviewing the possible sources--Norway, the USSR, Algeria, and Nigeria--the EEC points out the particular importance of developing the huge Norwegian deposit at Troll, to "avoid an excessive dependence on non-OECD sources."

After 1990, the importing European countries will have to find new sources of supply

APRÈS 1990, LES PAYS EUROPÉENS IMPORTATEURS DEVONT TROUVER DE NOUVEAUX APPROVISIONNEMENTS



This graph shows (from top to bottom) the estimated demand for continental European countries that are net gas importers (therefore excepting the Netherlands and Norway), compared to the importations resulting from currently signed contracts and to the national production of those countries.

- Key:
- (A) Billion cubic meters
 - (B) Estimated demand
 - (C) Norway's importations
 - (D) Netherland's importations
 - (E) North Africa's importations
 - (F) USSR's importations
 - (G) National production

Source: Elf Aquitaine group

The problem is that the costs of the new Norwegian or African gas are much higher. "At present prices, which according to specialists should remain stable in constant dollars until 1990 and beyond, very little gas is going through the pumps," due to excessively high costs, states the director for gas at Elf-Aquitaine. "Netherlands undoubtedly, the Soviets certainly, Algeria maybe." The new gas from deposits located either very far from market (Far North, Africa, and so on), or at very great depths, therefore stands no chance of being sold at current prices, except for political reasons. To be sure, the gas reserves, twice as large as those of oil, are constantly reassessed. The Netherlands thus announced that due to the discovery of new reserves, it has decided to export 150-200 billion additional cubic meters after 1990. "There are sixty years of gas reserves underground, which should rapidly increase to 65 and even 70 years, while oil stagnates at 28 years of reserves," reassures the director general of Gaz de France.

But the very unequal distribution of these reserves (see chart), concentrated in the politically "sensitive" zones of the USSR and the Middle East, shows the risks of an excessive dependency on "inexpensive" gas. Just as the United States had to create on its market various prices to encourage exploitation and the search for new gas--stopped for a long time by the price freeze, it would undoubtedly be in the interest of European or Japanese users to immediately accept higher prices for some developments that would ultimately guarantee their independence. The only risk is that this policy cancels the benefits of the price drop, and brings about a reevaluation of all tariffs.

11,023

CSO: 3519/469

COMMITTEE CHARGED WITH NUCLEAR POWER PLANNING DISBANDS

Stockholm DAGENS NYHETER in Swedish 24 Aug 84 p 2

[Editorial: "The 1981 Energy Committee--An Empty Echo"]

[Text] The 1981 Energy Committee was given and accepted the assignment of presenting a plan for nuclear energy's final phase-out by the year 2010 at the latest. Instead of carrying out this task the committee has now disbanded ahead of time and in a climate of total political collapse without even making an attempt to prepare a phase-out plan.

The Social Democratic majority on the committee washed its hands by saying that everything is so uncertain, all possibilities should be kept open, the future will tell, etc. By and large it simply recommended that new committees do what this committee itself could not accomplish.

On the surface the 1981 Energy Committee's report--"Instead of Nuclear Power"--is such a flagrant fiasco that there must be deeper explanations for the emptiness than disinclination, ineptitude, procrastination, duplicity, deception and similar charges to which the proponents of Line 2 and the Social Democrats have now left themselves open. Neither Hans Lowbeer, who headed the committee, nor the Social Democratic Party leadership that guided the majority's line behaved well and without ulterior motives in this painful situation. Can it be that they want to get this phase-out committee out of the picture as quickly as possible before the 1985 election debate in order to have something temptingly concrete but as yet unresolved that they can bargain with some other party on after the election.

"Stop fumbling with the phase-out of nuclear power!" Thorbjorn Falldin is already shouting from Ramvik, obviously sniffing the breeze.

The Center man on the 1981 Energy Committee, member of parliament Borje Hornlund from the old Line 3, made concrete proposals in his reservation: Start the phase-out in the 1990's, as Line 2 itself proposed. Phase out all reactors after 25 years, as parliament has already suggested. Reactors 11 and 12 are an enormous investment error; including the main system and the phase-out costs they will cost 40-50 billion kronor!

When nuclear power was launched in 1975 energy consumption was estimated at 540 TWh by 1985. But it will be only 360 TWh--in other words 180 TWh less, corresponding to three times the whole 12 reactor program, than the decision-makers and major industry estimated 10 years ago! With continued conservation and new technology, energy consumption in the year 2010 will be only around 300 TWh, of which electricity will consume only 90 TWh! We can provide that with 66 TWh of water power plus 20 TWh of back-pressure energy from district heating plants and industry plus 10-15 TWh of wind power--without developing new streams and without big coal condensor power plants.

Overoptimistic, unrealistic, Utopian? This was said back in 1975 in all technically knowledgeable and socially responsible circles of the nuclear power alternatives presented by the Center Party and others. But developments have now already strongly confirmed and even underscored what the antinuclear movement, which is found in all political groups with the exception of the Conservative Party, claimed was possible with respect to energy conservation, more effective usage, new technology, domestic fuel instead of oil or coal, etc. This will happen once more as long as the enormous and entrenched nuclear power capital does not succeed in distorting the decision-makers' vision of the future and powers of reflection.

What does Energy Minister Birgitta Dahl say today about the empty bag produced by the 1981 Energy Committee? She is putting a good face on things. It is encouraging, she thinks, that the committee found that there was no major obstacle to phasing out nuclear power, as if anyone had seriously thought there was.

But the majority of the members of the 1981 Energy Committee said nothing or offered only platitudes about the task itself, the phase-out's when-where-how and at what cost and profit and with what consequences and with which replacement alternatives to nuclear power, if any are needed. Or else they refer to guidelines for state authorities with frameworks and perspectives that are so general that they are meaningless.

Thus the state authorities and the rest of us are told that total Swedish energy consumption in the year 2010, the latest date for phasing out the 12 nuclear reactors, could be anywhere between 300 and 450 TWh and of this electricity consumption would lie somewhere between 90 and 150 TWh.

And they have the nerve to call this guidance and judgment.

6578

CSO: 3650/274

ACTIVE ENVIRONMENTALIST MOVEMENT INFLUENTIAL IN LEGISLATION

Helsinki HELSINGIN SANOMAT in Finnish 10 Aug 84 p 2

[Article by Hannu Penttila. The author is the bureau chief of the Finnish Environmental Protection League. In June he was in Denmark on a study trip with the aid of a Finnish-Danish culture grant: "Environmentalism Has Long-Standing Traditions in Denmark"]

[Text] Dating back to 1917, Denmark's nature conservation laws have -- unlike Finland's -- been continually revised to respond to changing circumstances. The key revisions, from the standpoint of nature conservation, of the planning and construction bill presented this spring by our Environment Ministry were realized in Denmark decades ago. Some interesting features of the Danish laws are the legal status of voluntary conservation work, the relationship of environmental protection to other kinds of community planning and many far-sighted restrictions on construction.

Man's hand is visible almost everywhere in Denmark's natural environment. The only untouched areas are out-of-the-way beaches and waterside meadows. While man has influenced Denmark's natural environment for thousands of years, the number of far-reaching changes in the environment has increased at an explosive rate over the past few decades. Rivers are dredged and dammed off into conduits. Damp places are dried and turned into farmland. Swamps and ponds are filled in. Old hedges and stone fences are run down for lack of care. The natural habitats of the flora and fauna that have adapted to the cultural landscape of Denmark are getting scarcer. In Denmark too there is a burning need for effective environmental protection.

On the initiative of the Danish Environmental Protection League, a uniform environmental protection law was passed in Denmark in 1917. Until far into the 1950's the Environmental Protection League took care of the practical application of the environmental protection law and drafted most of the new environmental protection petitions to boot.

Areal Protection

The Danish environmental protection law gives the Environmental Protection League the right to make areal protection proposals, but does not extend it to landowners. The principle based on the old position adopted in the Finnish

environmental protection law is just the opposite of this. The chief provision of our law is landowners' [right to] petition for protection, whereas independent action on behalf of environmental protection is not even mentioned in our law. Denmark's current environmental protection law also makes it possible to petition the Environment Ministry, the provincial government, the capital district and the local government for areal protection.

In Denmark there are about 180,000 hectares, or 3.5 percent of the country's entire surface area, of areas protected under the environmental protection law. Most of the 20 or so new areal protection proposals annually presented by the Danish Environmental Protection League are carefully prepared before they are officially dealt with. In addition to areal boundaries and protection provisions, an appendix must accompany the petition consisting of exact accounts by experts of the natural science and historical conservation value of the area. The person who presents the protection petition must also communicate the opinions to be collected from officials and landowners about the protection petition.

Precise Statements

The Danish environmental protection law requires the person who initiates the protection petition to procure detailed statements on the conservation value of the area to be protected from the Geological Research Institute, the Pre-historic Archeology Institute of the University of Copenhagen, the Zoological Museum and the Danish National Museum. These statements afford a good basis for the future planning of protection regulations and the care and maintenance of the area.

The precise natural science inventorying required by the Danish environmental protection law would prevent the kind of environmental protection that is speculative in nature which can sometimes be perceived in Finland. Particularly in our archipelago we may assert that the real purpose of certain protection petitions is a desire to keep ordinary people out sailing from running aground in the back country of summer residence or representative islands. In Finland too, we ought to critically examine in themselves positive, independent protection petitions and obtain more complete information on the natural science value of areas destined for protection than we have now.

In addition to the right to petition, the Danish Environmental Protection League may appeal official decisions that have been made on the basis of the environmental protection law. About 10 people who assist the league's 167 local associations work on planning and legislation matters at the Environmental Protection League's main office. The Danish Environmental Protection League is also backed up by other laws governing planning and the environment in addition to the environmental protection law, which is properly concerned with it.

The practice of involving appointed organizations in such matters that has been adopted in Denmark differs vastly from the recent Finnish debate on participation. The leading line of thought in Finnish reform proposals is to extend the right to take action to other citizens in addition to private landowners. Action in the public interest is, however, most often organized by associations

and civic groups. In Finland too, the procedures for citizen participation in practice require a foundation in terms of experience obtained through organizational activities and the assistance of experts. To protect citizens' equality of status, we here in Finland should also consider recognizing organizational activities in our environmental legislation.

Protection Courts

In Denmark petitions for environmental protection areas are submitted to a special protection court composed of a judge functioning as chairman and representatives of the local community and the province. Appeals concerning the decisions of this provincial protection court may be made to the national superior protection court, where all more extensive environmental protection proposals are also handled. The superior court for protection cases consists of a judge, two members of the Supreme Court and representatives appointed by the political parties.

Superior protection court decisions are for conclusive environmental protection cases, but compensations may in addition be dealt with on special compensation boards and in ordinary courts. In addition to the compensation boards, an environmental protection commission representing scientific expertise assists the national superior protection court.

Other laws strictly limit the amount of compensation that may be paid for environmental protection areas. Because of this, compensation amounts have decreased during the past few years. On the other hand, the Danish laws also allow the landowner compensation for his legal expenses. The state pays three-fourths of the compensation due landowners and the province one fourth. The state pays nine-tenths of the compensation amount for nationally important areas and the local province one-tenth.

Construction Bans

The Danish environmental protection law contains several general provisions to protect the environment. As early as 1937, the environmental protection law included a general ban on construction any closer than 100 meters to the coast and no closer than 300 meters to extensive forest areas. This provision was later supplemented by a general 150-meter construction ban zone on the shores of lakes and banks of rivers and alongside bigger roads.

Areas in the vicinity of Denmark's numerous ancient monuments and rural churches are also under a construction ban. Since the beginning of this year, heath areas characteristic of Denmark's natural environment and waterside meadows have also been protected by a general ban in conformity with the environmental protection law.

The Danish environmental protection law requires permission from the local environmental protection official for environmental changes in rural areas that have not been thoroughly planned, such as the construction of roads and power lines and the transformation of aquatic and marshy areas. Outdoor advertising is also generally banned in rural areas.

Coast Open to Everyone

It is, for example, thanks to these far-sighted restrictions on construction that most of Denmark's 7,500-km coastline is undeveloped and open to everyone to walk along. They tried to add similar provisions to the Finnish environmental protection law in the 1960's, but the reform proposals did not move from the committees to the Council of State. The failure to improve the environmental protection law has produced an effort to include similar provisions first of all in the construction law in Finland.

The Danish environmental protection law was in effect for several decades without being any more closely connected with other legislation or community planning. Especially during the early 1960's they were aroused over the restraint of the old environmental protection law. We here in Finland also experienced these familiar compensation problems in connection with the assumed right to build and uncontrolled change in rural areas as problems. Because of this, proposals for the necessary legislation were formulated that were rejected in the 1963 national referendum despite the fact that they had been approved by the Folketing.

The referendum did not, however, eliminate the discrepancy between the uncontrolled exploitation of the natural environment and the goals of environmental protection. In 1969 a substantially revised environmental protection law and a law governing municipal and rural zones were enacted, which sharply restricted unplanned construction in rural areas. The 1972 soil elements law was later the model for similar Finnish legislation. The environmental protection law (1973), which regulates activities that pollute the environment, is still an unattained goal in Finland's disconnected legislation governing environmental protection permits and reports.

Special Plans

Systematic environmental protection planning began in Denmark in the 1960's. At that time an environmental protection secretariat funded by the state was created in each province, whose mission it was to prepare a natural science analysis of the natural environment and its protection needs, one covering the entire area. The system was largely in keeping with Finland's national environmental area planning, which was initiated through the work of the National Park Committee several years later.

As with us too, in Denmark they ran into the incompatibility of independent environmental area planning with general community planning and into poor cooperation. With the law enacted in 1973 governing national and regional planning and the law passed in 1975 governing municipal planning, environmental protection was incorporated as an essential part of regional plans and general plans drawn up by the municipalities.

After these changes in the laws, the independent environmental protection secretariats were closed down and their employees transferred to the provincial environmental protection departments. Independent protected area planning was not suspended, but with the 1978 change in the environmental protection law

special plans for areas to be protected that were linked with regional and general plans were required of each province. This work is directed from the Environment Ministry and, if necessary, the Environment Ministry itself draws up these special plans.

The first of these environmental protection plans have now been prepared. On the basis of the plans it seems likely that the amount of protected surface area in Denmark will rise from 3 to 5 percent of the country's entire surface area. In substantially more extensive areas than before, they are also attaching importance to special landscape protection problems through the practice of official permits.

A Lesson for Us Too

Denmark's experiences with other kinds of community planning, the weaknesses of sporadic environmental protection planning and, on the other hand, the inadequacy of general community planning should be seriously taken into consideration in Finland as well. In connection with reform of the construction law, we should protect the status of environmental protection especially in regional and overall planning. Nationally and internationally important areas to be protected must also be included in municipalities. overall plans. On the other hand, rules governing environmental protection planning must be written into the environmental protection law.

Our national protected area programs are from a scientific standpoint exemplary, but the way they have been handled in past years does not even keep to the letter of our own administrative procedure law. Protected area planning open to citizen participation would assuredly eliminate some of these uncertainties, as a result of which some people have been able to foment ostentatious and only to a slight extent factually based opposition to protected areas.

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UNIVERSITY SETS COMPREHENSIVE STUDY OF ACID RAIN EFFECTS

Stockholm DAGENS NYHETER in Swedish 8 Aug 84 p 9

[Article by Per-Anders Rehn]

[Text] Researchers will now take strong steps to counter the effects of acid rain in our forests. The Agricultural University in Uppsala has proposed a large-scale research program. The causes and extent of acid rain damage and countermeasures against it will be studied.

"It will be most interesting to see how extensive the damage is," Prof Tryggve Troedsson said.

This is being done right now, in conjunction with an assessment for taxation of forest land. Researchers have been added to the 13 assessment teams now working in the field. The researchers are taking samples in order to study the effects of acid rain on forests.

Despite the intense debate over acid rain this past year, too little is known about the extent of the damage. Halland, Kronoberg, Kalmar, and Blekinge are considered to be the hardest-hit counties. The northern counties are believed to be in better shape.

Not Sure

"But this is just what we believe. We are not sure," Tryggve Troedsson said.

It is too early to talk about dying forests in Sweden, according to Carl Olof Tamm, chairman of the research group that put together the proposed research project. Such damage may perhaps be found in Blekinge, but the situation is far from being as serious as it is in West Germany.

An inventory of the damage is only a small part of what the Agricultural University wants to do, however. In its proposal, the expert group asked for an additional 12.5 million kronor over a 5-year period. In its 1984/1985 budget, the university has allocated just over 11 million kronor for research in the area of forest conservation. Additional funds for equipment are also on their wish list, but no sum is specified in the program.

"Several million kronor are involved," Carl Olof Tamm said.

Air Pollution

In their program, the researchers stress that air pollution is a primary cause of acid rain. Two types of pollution are of significance in this respect: acidifying sulfur compounds, especially sulfuric acid, that fall with the rain and direct damage caused by gases, particularly sulfur dioxide, carried to Sweden by the wind. Industrial emissions and automobile exhaust are the main culprits.

Carl Olof Tamm mentioned the effects of ozone as a problem that requires additional study. Ozone is a form of oxygen gas that is poisonous to plants. It is formed when polluted air is subjected to strong solar radiation.

Air pollution--sulfur compounds, ozone, and other substances--disrupts the chemical balance of trees. Simply stated, they suffer from stress, their growth is stunted, and their resistance to disease and animal attack is reduced. The researchers want to learn more about these processes, as well as the effects of overfertilization.

Countermeasures

The program deals briefly with measures that may be used to counter the effects of acid rain and to prevent the death of forests in the future. One project mentioned by Prof Carl Olof Tamm involves possible changes in logging methods. Today, all parts of the trees are utilized. It could perhaps be better to leave the bark, small branches, and needles. Forest rotation periods also must be investigated. Trees that grow for a shorter period of time are more resistant to acid rain and diseases but, on the other hand, they provide less wood.

"The countermeasures are extremely important, but in that area we are still in the very first stage of our research," said Carl Olof Tamm.

The proposal is also part of an effort to change the present, untenable funding structure. At present, over 80 percent of current appropriations of 11 million kronor comes from research councils outside the university. This funding often is for a few years only.

Uncertain

"We should receive 50 percent of our funding from our own budget. As the situation stands now, our researchers are extremely uncertain about the future," Carl Olof Tamm said. This is an important point, according to him. After all, the Achilles' heel of the project is the shortage of competent, available researchers. This is also why the researchers are asking for only 12.5 million kronor. There simply is not enough available personnel to justify larger appropriations.

"This is a serious problem," said Carl Olof Tamm, "but it is not a problem that cannot be overcome."

Workers at the Agricultural University hope that the government will allocate 3.5 million of the total desired sum as early as next year.